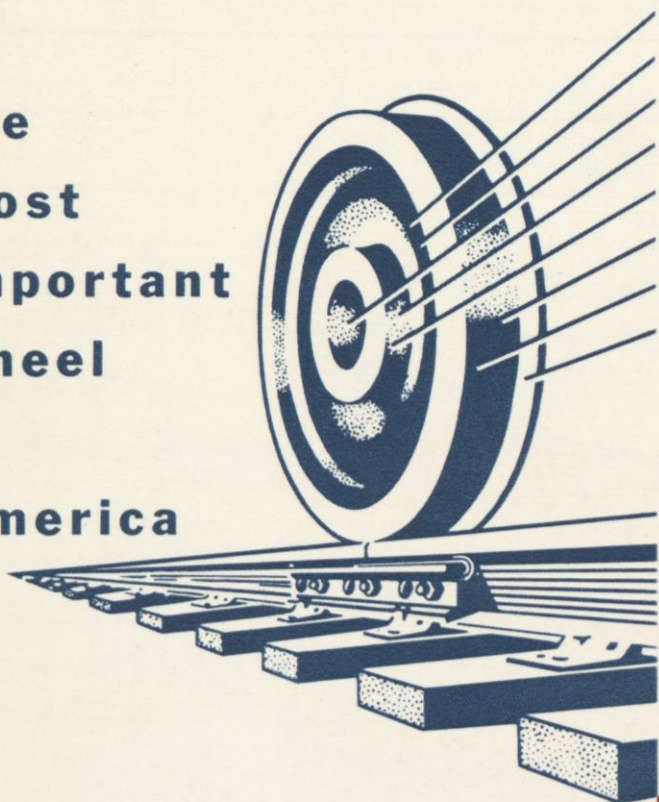


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important
wheel
in
America



MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILROAD COMPANY

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1959

ANNUAL REPORT

ANNUAL REPORT

of the

**Minneapolis, St. Paul & Sault Ste. Marie
Railroad Company**

**FOR THE YEAR ENDED
DECEMBER 31**

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DIRECTORS

- JUDSON BEMISMinneapolis, Minn.
President, Bemis Bro. Bag Company
- J. D. BONDMinneapolis, Minn.
Vice President, M. St. P. & S. S. M. Railroad Company
- N. R. CRUMPMontreal, Quebec
President, Canadian Pacific Railway Company
- JOHN H. DANIELSMinneapolis, Minn.
President, Archer-Daniels-Midland Company
- *PAUL V. EAMESMinneapolis, Minn.
Chairman of Executive Committee, The McCloud River Lumber Company
- *MILTON W. GRIGGSSt. Paul, Minn.
President, Griggs, Cooper & Company, Inc.
- F. T. HEFFELFINGER IIMinneapolis, Minn.
*Vice President and General Manager,
 Peavey Feed Mills Division, F. H. Peavey & Company*
- JOHN HJELLUMJamestown, N. D.
Senior Partner, Hjellum, Weiss, Nerison & Ottmar
- *HENRY S. KINGMANMinneapolis, Minn.
Chairman of the Board, Farmers and Mechanics Savings Bank of Minneapolis
- HENRY LALIBERTEDuluth, Minn.
President, Cutler Magner Company
- *G. ALLAN MACNAMARAMinneapolis, Minn.
President, M. St. P. & S. S. M. Railroad Company
- *HOWARD I. McMILLANMinneapolis, Minn.
President, Osborne-McMillan Elevator Company
- GORDON MURRAYMinneapolis, Minn.
President, First National Bank of Minneapolis
- GEORGE S. PILLSBURYMinneapolis, Minn.
Vice President, The Pillsbury Company
- ROBERT C. WOODMinneapolis, Minn.
President, Minneapolis Electric Steel Castings Company
- *Member of Executive Committee

**GENERAL OFFICES
SOO LINE BUILDING
MINNEAPOLIS 40, MINNESOTA**

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OFFICERS

PRESIDENT.....G. A. MacNAMARA
VICE PRESIDENT.....J. D. BOND
VICE PRESIDENT—PERSONNEL, PUBLIC RELATIONS AND SAFETY.....C. S. POPE
VICE PRESIDENT AND GENERAL COUNSEL.....F. W. CROUCH
VICE PRESIDENT—TRAFFIC.....R. L. THORFINNSON
GENERAL MANAGER.....L. V. JOHNSON
ASSISTANT TO THE PRESIDENT AND SECRETARY.....G. C. STROMBERG
COMPTROLLER.....M. I. LABELLE
INDUSTRIAL AND REAL ESTATE COMMISSIONER.....G. T. BERGREN
TREASURER.....O. J. ANDERSEN
ASSISTANT TREASURER.....W. LEICESTER
ASSISTANT SECRETARY.....C. H. JUETTNER

56

APR 5 1960 A.S.

TRANSFER AND FISCAL AGENTS

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FIRST MORTGAGE BONDS

TRANSFER AGENTS:

THE NORTHERN TRUST COMPANY
50 S. La Salle Street..... Chicago 90, Ill.

BANK OF MONTREAL TRUST COMPANY
64 Wall Street..... New York 5, N. Y.

FISCAL AGENTS:

THE NORTHERN TRUST COMPANY
50 S. La Salle Street..... Chicago 90, Ill.

AGENCY, BANK OF MONTREAL
64 Wall Street..... New York 5, N. Y.

GENERAL MORTGAGE BONDS

TRANSFER AND FISCAL AGENTS:

HARRIS TRUST AND SAVINGS BANK
115 W. Monroe Street..... Chicago 90, Ill.

THE HANOVER BANK
70 Broadway..... New York 15, N. Y.

COMMON SHARES

TRANSFER AND PAYING AGENT:

THE BANK OF NEW YORK
48 Wall Street..... New York 15, N. Y.

REGISTRAR:

THE HANOVER BANK
70 Broadway..... New York 15, N. Y.

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ANNUAL SHAREHOLDERS MEETING

Third Tuesday in May at Minneapolis, Minn.

SUMMARY

	1959	1958	Increase or Decrease	%
TOTAL OPERATING REVENUES.....	\$ 42,282,227	\$ 42,971,060	\$ 688,833	1.60
TOTAL OPERATING EXPENSES.....	\$ 37,557,614	\$ 35,689,893	\$ 1,867,721	5.23
% of Total Operating Revenues.....	88.83	83.06	5.77	.....
WAGES, PAYROLL TAXES, AND WELFARE BENEFITS..	\$ 25,686,286	\$ 24,790,568	\$ 895,718	3.61
% of Total Operating Revenues.....	60.75	57.69	3.06	.....
TAXES (OTHER THAN PAYROLL TAXES).....	\$ 325,411 *	\$ 1,822,611	\$ 1,497,200	82.15
% of Total Operating Revenues.....	.77	4.24	3.47	.....
TOTAL WORKING EXPENSES.....	\$ 40,664,068	\$ 39,671,171	\$ 992,897	2.50
% of Total Operating Revenues.....	96.17	92.32	3.85	.....
INCOME BEFORE FIXED AND CONTINGENT CHARGES.....	\$ 1,866,066	\$ 3,273,911	\$ 1,407,845	43.00
FIXED CHARGES AND CONTINGENT INTEREST.....	\$ 1,270,055	\$ 1,286,628	\$ 16,573	1.29
NET INCOME.....	\$ 596,011	\$ 1,987,283	\$ 1,391,272	70.01
Per share.....	\$.83	\$ 2.76	\$ 1.93	.....
SINKING FUND APPROPRIATIONS.....	\$ 100,645	\$ 100,645	.....	.....
BALANCE AFTER SINKING FUND CHARGES.....	\$ 495,366	\$ 1,886,638	\$ 1,391,272	73.74
Per share.....	\$.69	\$ 2.62	\$ 1.93	.....
INVESTMENT IN ROAD AND EQUIPMENT.....	\$170,137,525	\$167,743,854	\$ 2,393,671	1.43
RATE OF RETURN OF NET RAILWAY OPERATING INCOME ON NET INVESTMENT USED FOR TRANS- PORTATION PURPOSES.....	1.14%	2.32%	1.18%	.....
LONG-TERM DEBT (Exclusive of amounts due within one year)	\$ 30,679,520	\$ 30,478,946	\$ 200,574	.66
WORKING CAPITAL.....	\$ 5,898,130	\$ 7,515,266	\$ 1,617,136	21.52
Ratio of Current Assets to Current Liabilities.....	1.58:1	1.79:1	.....	.....
FREIGHT—Carloads.....	245,979	248,292	2,313	.93
Tons.....	9,465,141	9,411,066	54,075	.57
Ton miles.....	2,628,826,942	2,655,328,802	26,501,860	1.00
REVENUE PER NET TON MILE.....	1.49c	1.50c	.01c	.67
NUMBER OF PASSENGERS.....	134,045	152,828	18,783	12.29
REVENUE PER PASSENGER MILE.....	2.53c	2.51c	.02c	.80

*NOTE: Includes a credit for federal income taxes of \$1,468,630, of which \$1,362,000 is accrual of anticipated claim for refund of taxes paid for 1956 because of net operating loss for 1959 and \$106,630 is adjustment of accruals for prior years.

TO THE SHAREHOLDERS:

The note of optimism upon which your company entered 1959 disappeared as the year progressed. At year's end, the Soo Line was able to show a net income of approximately \$495,000 only by virtue of an accrual for a substantial anticipated refund in federal income taxes. A less-than-anticipated movement of grain in the final quarter, the steel strike and other adverse economic factors produced an extremely disappointing business climate.

Total working expense, which includes taxes, consumed more than 96 cents of every dollar of revenue your company received, including the income tax refund accrual. Subtraction of debt-service costs and sinking-fund requirements from the remainder left a net income of only 69 cents per share. In 1958, per-share net income was \$2.62.

The prospects for 1960, at least insofar as general business conditions are concerned, seem somewhat brighter. It remains to be seen whether Congress, in an election year, will attack with vigor the regulatory framework which has prevented the emergence of railroads of sufficient financial strength to serve the public in the manner of which they are capable.

It remains to be seen, as well, whether union leadership will rise to the challenge of reducing the economic waste which plagues the railroad industry because the standard of manpower efficiency has not been permitted by working rules to keep pace with the standard of technological efficiency.

The company recognizes the fact that modernizing work rules will affect some employees. A solution of this problem, however, will greatly enhance the industry's competitive position and probably result ultimately in a higher level of employment. The continually increasing population and production volume of the country offer great possibilities for growth in the railroad industry, provided the industry is freed from the laws and working rules of the horse-and-buggy days.

There was much activity during the year in the field of rates and traffic research, although there were no general rate increase proceedings. The trend is to establish incentive rates which encourage shippers to load more tonnage in each car, ship more cars at one time, or ship a guaranteed volume in a given period of time.

One of the most significant of such rates is the Soo Line's guaranteed rate on pipe from Sault Ste. Marie, Ontario, to Chicago, which remained under suspension by the Interstate Commerce Commission throughout the year. This rate proposal is outlined elsewhere in this report. Soo Line's proposed rate was the first such application filed in the United States. It is the hope of your company that ultimately this rate, as well as the underlying principle, will be established.

Four unprofitable, unpatronized passenger trains were discontinued during the year. Trains 5 and 6 between Minneapolis and Enderlin, North Dakota, were removed May 3. Trains 64 and 65 between Thief River Falls, Minnesota, and Duluth, were discontinued May 17. During the year, your company applied to the Interstate Com-

merce Commission for permission to discontinue Trains 7 and 8 between Minneapolis and Sault Ste. Marie, Michigan. The Commission granted this permission, and the trains were discontinued during the first week in March, 1960. Sleeping-car fare reductions and budget-priced meals were inaugurated on Trains 13 and 14 between St. Paul and Portal, North Dakota, on February 1, 1960.

The coordination with the Great Northern Railway of two segments of track in North Dakota has been approved by the Commission. The necessary track connections will be built when the weather permits.

The proposed coordination with the Lake Superior & Ishpeming Railroad between Eben Junction and Marquette, Mich., was denied by the Interstate Commerce Commission during the year and the project has been abandoned.

Since 1914, the First National Bank of Minneapolis and your company, through its subsidiary, Tri-State Land Company, have shared beneficial ownership of their office building, in which most of your company's general offices have been located since that time. On March 1, 1960, the bank occupied quarters in its new building, and Tri-State Land Company became sole owner of what now is known as the "Soo Line Building."

The Board of Directors of your company, along with the Boards of the Wisconsin Central and Duluth, South Shore & Atlantic Railroad Companies, approved on March 15, 1960, a plan to merge the three railroads into a single company to be known as the Soo Line Railroad Company, subject to approval by the stockholders and the Interstate Commerce Commission.

Your company paid dividends of \$1.00 per share, or a total of \$719,104, during 1959. A dividend of 25 cents per share was declared on February 17, 1960, payable March 24, 1960.

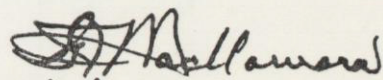
Mr. G. W. P. Heffelfinger retired from the Board of Directors effective May 19, 1959. Mr. F. T. Heffelfinger II, Vice-President and General Manager, Peavey Feed Mills Division, F. H. Peavey & Company, was elected to fill the vacancy.

Mr. Henry H. Westlie also retired from the Board on May 19, 1959. Mr. John Hjellum, Senior Partner in the law firm of Hjellum, Weiss, Nerison & Ottmar, of Jamestown, North Dakota, was elected to fill the vacancy.

Mr. Cola G. Parker resigned from the Board effective September 9, 1959. Mr. John H. Daniels, President of Archer-Daniels-Midland Company of Minneapolis, was elected to fill the vacancy.

The Board of Directors wishes to extend its thanks and appreciation to the entire Soo Line family of employees, officers and shareholders for their cooperation during the year.

FOR THE BOARD OF DIRECTORS,



President.

Minneapolis, March 24, 1960.

CONDENSED INCOME ACCOUNT

	1959	1958	1957	1956	1955
INCOME RECEIVED					
Operating revenues:					
Freight.....	\$39,210,168	\$39,705,478	\$44,179,779	\$44,810,629	\$38,474,998
Passenger.....	713,965	744,911	852,254	883,025	927,296
Mail.....	1,163,842	1,212,222	1,145,797	1,104,816	1,058,140
All other.....	1,194,252	1,308,449	1,247,266	1,192,543	1,155,345
Total.....	42,282,227	42,971,060	47,425,096	47,991,013	41,615,779
Other income.....	304,167	326,411	346,993	284,667	219,224
Total income received.....	42,586,394	43,297,471	47,772,089	48,275,680	41,835,003
EXPENSES AND CHARGES					
Operating expenses:					
Maintenance of way and structures.....	8,657,305	7,626,342	10,133,481	9,662,188	8,312,719
Maintenance of equipment.....	8,058,755	7,622,968	8,348,509	8,110,928	7,620,441
Traffic.....	1,355,799	1,272,565	1,177,712	1,128,273	1,008,429
Transportation.....	16,976,368	16,743,511	17,429,643	16,751,113	14,466,908
Miscellaneous operations.....	211,721	179,301	196,262	225,698	232,887
General.....	2,297,666	2,245,206	2,093,864	1,734,324	1,438,177
Total.....	37,557,614	35,689,893	39,379,471	37,612,524	33,079,561
Other operating charges:					
Railway tax accruals.....	2,155,016	3,338,995	3,916,107	4,988,207	4,889,727
Equipment rents—net.....	724,648	374,297	1,048,242	1,287,572	66,347
Joint facility rents.....	226,790	267,986	312,591	289,309	251,005
Total.....	3,106,454	3,981,278	5,276,940	6,565,088	5,074,385
Miscellaneous deductions from income.....	56,260	352,389	217,307	21,370	32,885
Fixed charges:					
Rent for leased road and equipment.....	1,685	1,685	1,685	1,685	1,685
Interest on equipment obligations.....	445,620	454,231	406,600	292,672	290,359
Interest on unfunded debt.....	235	157	230	965	375
Amortization of discount on funded debt.....	10,963	12,123	10,904	7,260	7,111
Total.....	458,503	468,196	419,419	302,582	299,530
Available for contingent charges.....	1,407,563	2,805,715	2,478,952	3,774,116	3,348,642
Contingent Interest:					
Interest on First Mortgage Bonds.....	280,760	280,760	280,706	282,158	283,909
Interest on General Mortgage Bonds.....	530,792	537,672	545,312	552,152	552,592
Total.....	811,552	818,432	826,018	834,310	836,501
NET INCOME.....	596,011	1,987,283	1,652,934	2,939,806	2,512,141
Less Sinking Fund—General Mortgage*.....	100,645	100,645	100,645	100,645	100,645
BALANCE AFTER SINKING FUND CHARGES.....	\$ 495,366	\$ 1,886,638	\$ 1,552,289	\$ 2,839,161	\$ 2,411,496

*Effective January 1, 1958, appropriations for the Sinking Fund were charged direct to Retained Income in accordance with accounting regulations prescribed by the Interstate Commerce Commission.

Figures in Bold Face Denote Contra.

REVIEW OF THE YEAR 1959

The 1959 operations of the Soo Line produced a net income of \$596,011 before provision for sinking fund charges. This compares with \$1,987,283 in 1958. After deductions were made for the sinking fund, the 1959 net income was \$495,366, compared with \$1,886,638 in 1958. The figures for 1959 reflect an accrual for an anticipated refund of federal income taxes in the amount of \$1,362,000 due to the carry-back of 1959 net operating loss to 1956.

Total operating revenues were \$42,282,227, or 1.6% less than in 1958. Operating expenses were \$37,557,614, or 5.23% higher than in 1958.

New freight cars, rail relays and bridge renewals were the principal cost items in the year's program of additions and betterments. Total expenditures for improvement to property and equipment were \$3,524,253. The major portion of the cost of 200 new freight cars was financed through equipment obligations.

The company continued for the eleventh year its program of flattening the side slopes of cuts to facilitate snow removal and improve drainage. In that period, more than 6,000,000 cubic yards of material have been moved in this project, with excellent results. In 1960, the cut streamlining work will be completed on the Whitetail line in Montana and commenced between Max and New Town, North Dakota.

FREIGHT REVENUES

Freight revenues amounted to \$39,210,168 in 1959 compared with \$39,705,478 in 1958, a decrease of \$495,310. Tons of freight handled increased from 9,411,066 in 1958 to 9,465,141 in 1959. The average revenue per net ton-mile declined from 1.50 cents in 1958 to 1.49 cents in 1959. Average miles of haul per ton dropped from 282.2 in 1958 to 277.7 in 1959.

Revenues from the Products of Agriculture group totaled \$13,957,546 in 1959, falling from \$14,259,255 in 1958. Notwithstanding the large carry-over of grain on January 1, 1959, grain revenue was only \$12,586,769 in 1959 compared with \$12,786,030 in 1958, as the result of storage of considerable grain at country points and a large increase in the transportation of grain by motor carriers.

A smaller movement of cattle took place from Canada to the United States in 1959 than in the two previous years. The result was that revenues from Animals and Animal Products for 1959 were \$417,337 compared with \$765,972 in 1958.

It appeared at the beginning of the year that iron ore shipments from the Cuyuna Range would be substantial, but the labor dispute in the steel industry closed the mines from mid-July to mid-November. Very little ore was shipped after the strike ended because of the cold weather. Revenues from iron ore fell, therefore, \$226,171 below the depressed year of 1958. Total revenues from all commodities in the Products of Mines group decreased from \$4,178,429 in 1958 to \$3,874,245 in 1959.

A brighter picture occurred in the movement of the commodities in the Products of Forests group. Lumber shipments largely from western Canada continued strong throughout most of the year despite a labor dispute in British Columbia. Products of Forests produced revenues of \$7,432,276 in 1959, up from \$7,338,245 in 1958.

Revenues from the Manufactures and Miscellaneous group gained 4% in 1959, reaching \$12,527,621, in spite of the steel strike.

1960 BUSINESS PROSPECTS

General economic indicators point toward a higher level of industrial production during 1960, especially during the first half of the year. The agricultural part of our economy, however, may not fare as well as the commercial or manufacturing segments.

Iron ore shipments should be greater, based on the iron and steel industry's forecasts of production of steel ingots.

Lumber and plywood and other forest products should move at the level of 1959. It appears that a decline in new housing starts will be offset by home repairs and increased commercial building.

Manufactures and Miscellaneous traffic should increase in 1960, considering the high level of industrial activity foreseen. Iron and steel and related commodities should be above 1959 by substantial amounts. Woodpulp and other commodities moving to the

paper industry should continue to increase in volume, as should newsprint.

The movement of commodities related to agriculture should be fairly good, provided a satisfactory grain crop is produced and moves to market.

COST OF OPERATIONS

The company continued its efforts during the year to reach a level of optimum efficiency by means of augmented mechanization and by discontinuing services which were neither profitable nor required.

Total working expense for 1959 was \$40,664,068, or 96.17% of operating revenues. This figure includes operating expenses, taxes, equipment rents, and joint facility rents. Total working expense for 1959 was 2.50% higher than for 1958.

OPERATING EXPENSES

Both in actual dollars and in percentage of operating revenues, operating expenses increased in 1959. The total for the year was \$37,557,614, or 88.83% of total operating revenues. In 1958, operating expenses totaled \$35,689,893, or 83.06% of total operating revenues.

The tables which begin on page 22 of this report detail and compare operating expenses for a period of five years.

Maintaining the company's track and buildings cost \$8,657,305 in 1959 against \$7,626,342 in 1958. Safe operation of the property demanded somewhat greater spending in 1959, in view of the minimum maintenance program carried on in 1958. A total of 33.26 miles of main track were relaid in 1959, of which 19.06 miles were relaid with new 115-pound rail. An additional 2.88 miles of secondhand rail were placed in secondary and yard tracks. A total of 321,199 treated crossties were installed during the year, whereas 244,289 were replaced in 1958. New rail and tie renewals were below the 10-year average.

Maintaining the company's rolling stock and other equipment during 1959 cost \$8,058,755 compared with \$7,622,968 in 1958. Major repairs to equipment, deferred during 1958, constituted a substantial expense item in 1959. It should be remembered that postpone-

ment of maintenance to both fixed facilities and rolling stock results in temporary savings only.

Transportation costs were \$16,976,368, slightly higher than in 1958. Gross ton-miles per freight train hour in 1959 were 44,576 compared with 44,129 in 1958.

Wage increases totaling an estimated \$823,000 were added to operating expenses during the year.

TAXES

The company's tax bill was substantially less in 1959 than it was in 1958. Net tax accruals were \$2,155,016, or \$1,183,979 less than in 1958. Accrual of a credit for federal income taxes due to a net operating loss coupled with the credit adjustment of prior years' taxes was the principal reason for the large reduction. The adjustment of prior years' income taxes amounted to \$106,630, and the accrual for the credit for anticipated refund by reason of the carry-back of net operating loss amounted to \$1,362,000. State, local and other taxes were \$24,365 less than in 1958.

The company continued to take accelerated amortization of the cost of certain property for tax purposes. The table on page 18 sets forth the details of the deferment of federal income taxes resulting from the deduction from income for tax purposes of amortization in excess of normal depreciation of road and equipment property. The total deferment from 1950 through 1959 is \$4,140,361. No reserve has been set up on the company's books to cover the liability in future years for the deferred taxes.

Payroll taxes were \$1,829,605 in 1959 compared with \$1,516,384 for 1958. The increase was accounted for largely by higher unemployment and retirement tax rates. Effective June 1, the retirement tax rate was increased from 6¼% to 6¾%. The unemployment tax rate was increased on the same date from 3% to 3¾%. Under the present law, the retirement tax will be increased to 7¼% in 1962 and ultimately to 9% in 1969.

As mentioned in the Annual Report for 1958, the company has pending a lawsuit against the United States because the Internal Revenue Service disallowed a bad debt loss claimed by the company in 1952 and an operating loss claimed in 1953. It is expected that this suit will come to trial in the United States Court of Claims during 1960.

LABOR AND WAGES

With the expiration of the three-year moratorium on October 31, 1959, negotiations were initiated on the national level with the various labor organizations on wage rates, fringe benefits and working rules. Railroad management collectively undertook to rid the industry of the expensive and unproductive work practices which stem from 40-year-old agreements with the operating brotherhoods.

During 1959, the Soo Line and other railroads were served with demands for wage increases ranging upward to 14%, for more liberal health and welfare benefits, and for improved vacation and holiday allowances. The carriers countered with proposals for wage decreases and revisions in fringe benefit rules.

FREIGHT RATES

The company continues to experience severe competition from truckers hauling grain from country points to the Twin Cities and Duluth-Superior. The completion of the St. Lawrence Seaway has given considerable impetus to the trucking of grain by unregulated haulers of exempt agricultural commodities.

A great amount of study was given to this problem during 1959, and a number of experimental rate proposals were offered. Rail carriers finally approved reduced rates designed to meet the motor-carrier competition, but these rates cannot be published until the spring of 1960.

The rate on grain from Montana stations located on the company's Whitetail branch to points on the South Pacific Coast was reduced in order to meet cross-country competition. There has been a demand for Montana spring wheat for milling in transit, with eventual forwarding of the flour to the South Pacific Coast. Grain from the company's Montana stations could not move competitively to the South Pacific Coast due to a lack of routing and the fact that the rates were not competitive. The creation of the route and a competitive rate should permit elevators on the line of the company in Montana to buy wheat more competitively, thereby stimulating the movement of grain from the Whitetail branch.

New traffic continues to develop in Western Canada. In 1959 rates were established to permit the

movement of liquefied petroleum gas from Alberta and Saskatchewan origins to stations on the Soo Line and its connections. The movement has been primarily to points in North Dakota and Minnesota.

The company pioneered in 1959 with a guaranteed rate which covered a movement of iron or steel pipe or tubing from Sault Ste. Marie, Ontario, to the Chicago District to meet water competition. Under the terms of the rules attached to this rate, the shipper guarantees to give the railroads 90% of his tonnage. The rate was published to become effective April 10, 1959. The Interstate Commerce Commission suspended the rate upon petition of the American Trucking Associations and various water-carrier groups. A hearing was held in June, but the Commission had not, as of early March, 1960, issued an order in the case. The effective date of the rate has been voluntarily postponed until April 9, 1960. While awaiting the Commission's decision, the company has continued to explore and use various types of volume and incentive rates.

INDUSTRIAL DEVELOPMENT

Thirty-five permanent industrial plants and 60 temporary industrial installations were located on company property during 1959. In addition, eight new permanent industrial plants were located adjacent to company property with rail service provided from company trackage.

Sixty existing industries located on company property expanded their plant facilities during the year, requiring renegotiated leases.

The new industrial operations located during the year embrace a variety of uses, principally in the storage and distribution of various commodities. They are expected to result in increased traffic. The temporary installations generally consisted of storage yards and facilities for loading and unloading various commodities.

The year saw a marked increase in grain storage capacity at country points. Construction of additional storage facilities totaled approximately 4,400,000 bushels. This increase in country storage capacity tends to produce a more even flow of crops to the terminals.

NEW EQUIPMENT AND FACILITIES

Company forces built a total of 200 freight cars during 1959: 100 40-foot box cars with 14-foot combination doors; 50 70-ton gondola cars; 25 70-ton flat cars; and 25 70-ton covered hopper cars. In addition, 300 box cars and 75 hopper cars were acquired under lease arrangements.

Two-way radio equipment was installed in 20 locomotive units and 50 cabooses.

The company's first major installation of centralized traffic control, covering 37 miles of track between Minneapolis and Buffalo, Minnesota, was begun during the year. This \$550,000 installation should be completed in 1960.

A modern 60-foot, 150-ton track scale was installed at Shoreham Yard during the year to expedite the weighing of cars and reduce delays to shipments.

INTEGRATED DATA PROCESSING

During 1959, a sizable proportion of interline freight revenue accounting was programmed and implemented on the IBM Model 650 electronic computer, effecting substantial clerical savings. Mechanized inventory control and accounting for Diesel parts was extended to additional locations and classes of material.

To keep abreast of the latest developments in the computer field, an IBM Model 1401 Data Processing System was ordered shortly after it was announced by the manufacturer in October, 1959. Delivery is expected early in 1961. The 1401, using magnetic tape, will process data a great many times faster than the 650, which uses punched cards.

Beginning December 1, the mechanized freight car reporting system was in operation on the entire railroad, following installations made on the eastern lines earlier in the year and on the west end during 1958. As mentioned in previous reports, this mechanized system provides up-to-the-minute information for shippers and consignees as to the location of every loaded freight car on the railroad, as well as furnishing train consists, train and engine statistics, and other information to various offices.

During 1960, mechanized interline freight revenue accounting will be further augmented. Stores mechanization will be expanded to still more locations and classes of material.

WISCONSIN CENTRAL RAILROAD COMPANY

The company continues to operate the properties of the Wisconsin Central Railroad Company under the existing operating agreement.

Table of Net Income and Dividends Paid since September 1, 1944

Year	Net Income (before Sinking Fund)	Sinking Fund Appropriations	Balance after Sinking Fund	Dividends Paid	
				Total	Per Share
9/1—12/31/44.....	\$ 1,086,874	\$ 33,548	\$ 1,053,326	.....	.....
1945.....	1,855,078	100,645	1,754,433	.....	.....
1946.....	254,833	100,645	154,188	\$ 1,797,760	\$ 2.50
1947.....	1,283,645	100,645	1,183,000	719,104	1.00
1948.....	1,871,066	100,645	1,770,421	719,104	1.00
1949.....	1,249,126	100,645	1,148,481	719,104	1.00
1950.....	1,645,614	100,645	1,544,969	719,104	1.00
1951.....	1,968,182	100,645	1,867,537	719,104	1.00
1952.....	1,141,177	100,645	1,040,532	719,104	1.00
1953.....	605,461	100,645	504,816	359,552	.50
1954.....	1,692,999	100,645	1,592,354	359,552	.50
1955.....	2,512,141	100,645	2,411,496	719,104	1.00
1956.....	2,939,806	100,645	2,839,161	1,078,656	1.50
1957.....	1,652,934	100,645	1,552,289	1,078,656	1.50
1958.....	1,987,283	100,645	1,886,638	719,104	1.00
1959.....	596,011	100,645	495,366	719,104	1.00
Totals.....	\$24,342,230	\$1,543,223	\$22,799,007	\$11,146,112	\$15.50

Dividends of \$179,776 at the rate of 25c per share were declared February 17, 1960, payable March 24, 1960.

COMPARATIVE GENERAL

ASSET SIDE

CURRENT ASSETS:	Dec. 31, 1959	Dec. 31, 1958	Increase	Decrease
Cash.....	\$ 2,050,215	\$ 3,037,264	.....	\$ 987,049
U. S. Government securities.....	2,954,298	3,959,739	.....	1,005,441
Special Deposits:				
For interest and other obligations.....	81,822	52,394	\$ 29,428	.....
Employees' U. S. Savings Bonds.....	28,801	23,961	4,840	.....
For distribution to holders of First Consolidated Bonds of Predecessor Company.....	3,521	3,845	.....	324
Loans and notes receivable.....	1,622	.....	1,622	.....
Traffic and car-service balances.....	681,675	645,492	36,183	.....
Agents' and conductors' balances.....	954,903	1,120,978	.....	166,075
Miscellaneous accounts receivable.....	1,281,441	1,027,577	253,864	.....
Interest and dividends receivable.....	8,629	22,112	.....	13,483
Accrued accounts receivable.....	1,910,443	646,343	1,264,100	.....
Working fund advances.....	38,996	34,166	4,830	.....
Prepayments.....	29,269	22,947	6,322	.....
Material and supplies.....	5,904,898	6,353,785	.....	448,887
Other current assets.....	89,564	66,321	23,243	.....
Total.....	16,020,097	17,016,924	.....	996,827
OTHER ASSETS AND DEFERRED CHARGES:				
Other assets.....	657,586	627,444	30,142	.....
Unamortized discount on long-term debt.....	82,393	93,659	.....	11,266
Other deferred charges.....	1,079,193	520,050	559,143	.....
Total.....	1,819,172	1,241,153	578,019	.....
INVESTMENTS IN SECURITIES, ADVANCES, AND SPECIAL FUNDS:				
Sinking Fund—General Mortgage.....*	1	490	.....	489
Deposits with Northern Trust Co.....	42,543	9,879	32,664	.....
First National Bank—Trust Equipment.....	52,657	11,327	41,330	.....
Special C.T.C. system construction account—W.C. R.R....	19,564	.....	19,564	.....
Service interruption insurance fund.....	15,922	.....	15,922	.....
Investments in affiliated companies:				
Stocks—Pledged under First Mortgage.....	222,275	222,275	.....	.....
Stocks—Pledged under Gen'l. Mortgage.....	900,000	900,000	.....	.....
Stocks—Unpledged.....	300	300	.....	.....
Advances and unsecured notes.....	736,953	676,097	60,856	.....
Other Investments.....	201	2,606	.....	2,405
Total.....	1,990,416	1,822,974	167,442	.....
INVESTMENT IN PROPERTY:				
Road.....	118,956,214	117,635,341	1,320,873	.....
Equipment.....	51,181,311	50,108,513	1,072,798	.....
Miscellaneous physical property.....	177,305	175,973	1,332	.....
Total.....	170,314,830	167,919,827	2,395,003	.....
Less:				
Acquisition adjustment.....	22,273,564	22,273,564	.....	.....
Donations and grants.....	2,740,264	2,732,240	8,024	.....
Accrued depreciation—road.....	13,618,704	13,278,991	339,713	.....
Accrued depreciation—equipment.....	19,761,220	18,576,139	1,185,081	.....
Accrued amortization of Defense Projects—equipment...	2,934,510	2,951,710	.....	17,200
Total.....	61,328,262	59,812,644	1,515,618	.....
Net.....	108,986,568	108,107,183	879,385	.....
GRAND TOTAL.....	\$128,816,253	\$128,188,234	\$ 628,019	.....

See page 14 for comments on the balance sheet.

BALANCE SHEET

LIABILITY SIDE

CURRENT LIABILITIES:	Dec. 31, 1959	Dec. 31, 1958	Increase	Decrease
Audited accounts payable.....	\$ 686,397	\$ 680,590	\$ 5,807	.....
Wages payable.....	1,128,215	1,206,156	.....	\$ 77,941
Miscellaneous accounts payable.....	993,783	952,908	40,875	.....
Wisconsin Central Railroad Co.....	557,601	419,996	137,605	.....
Interest matured unpaid.....	882,902	886,238	.....	3,336
Unmatured interest accrued.....	79,885	80,493	.....	608
Accrued accounts payable.....	2,627,140	2,644,554	.....	17,414
Federal income taxes accrued.....	.....	235,107	235,107	.....
Other taxes accrued.....	1,315,868	1,247,354	68,514	.....
Other current liabilities.....	435,150	408,099	27,051	.....
Long-term debt due within one year.....	1,415,026	1,210,377	204,649	.....
Total.....	10,121,967	9,501,658	620,309	.....
(Ratio of Current Assets to Current Liabilities: 1959—1.58:1 1958—1.79:1)				
RESERVES, OTHER LIABILITIES AND DEFERRED CREDITS:				
Accrued depreciation—leased property.....	5,179	4,781	398	.....
Other deferred liabilities and credits.....	354,429	346,817	7,612	.....
Total.....	359,608	351,598	8,010	.....
LONG-TERM DEBT:				
First Mortgage, 4½%, Cumulative Income Bonds, Series A, 1-1-71.....	6,239,000	6,239,000	.....	.....
Issued.....	\$10,000,000			
Held in Treasury.....	3,761,000			
General Mortgage, 4%, Income Bonds, Series A, 1-1-91.....	13,269,800	13,441,800	.....	172,000
Issued.....	\$20,129,000			
Retired through Sinking Fund.....	3,357,300			
Held in Treasury.....	1,501,900			
Retired by Company.....	2,000,000			
Equipment Conditional Sale Agreements and Promissory Notes.....	4,902,720	4,358,146	544,574	.....
Equipment Trusts.....	5,828,000	6,440,000	.....	612,000
C.T.C. Signal System Conditional Sale Agreement.....	440,000	.....	440,000	.....
Total.....	30,679,520	30,478,946	200,574	.....
SHAREHOLDERS' EQUITY:				
Capital stock:				
719,104 Common shares of no par value stated at \$86.50 per share.....	62,202,496	62,202,496	.....	.....
Capital surplus.....	7,804	7,804	.....	.....
Retained income:				
Retained income—Appropriated.....	3,596,878	3,496,233	100,645	.....
Retained income—Unappropriated.....	21,847,980	22,149,499	.....	301,519
Total retained income.....	25,444,858	25,645,732	.....	200,874
Total Shareholders' Equity.....	87,655,158	87,856,032	.....	200,874
GRAND TOTAL.....	\$128,816,253	\$128,188,234	\$ 628,019	.....

Figures in Bold Face Denote Contra.
See page 14 for comments on the balance sheet.

COMMENTS ON THE BALANCE SHEET

CONTINGENT ASSETS NOT RECORDED

The company had a contingent interest in 23,850 shares of common stock of Wisconsin Central Railroad Company allocated to it in the plan of reorganization of the Wisconsin Central's predecessor. These shares were deposited in escrow pending the outcome of litigation involving claims of the Wisconsin Central First and Refunding 5% bondholders to part of the stock. During the year 1959 a settlement of the litigation was made, subject to the approval of the courts, under which the company would receive 18,050 shares of stock. Following entry of an order by the court approving the settlement, these shares will be recorded as an asset on the balance sheet.

MISCELLANEOUS ACCOUNTS RECEIVABLE

Included in the amount of \$1,281,441 as of December 31, 1959, is an amount of \$352,279 representing a claim for refund of federal income taxes for the year 1954. This claimed refund, although approved in the report of the tax agent of the Internal Revenue Service, is included in the litigation involving a claim for refund of all or part of federal income taxes paid for the years 1951, 1952, 1954 and 1955. Upon conclusion of this litigation, the refund will be received for the overpayment of taxes for 1954.

ACCRUED ACCOUNTS RECEIVABLE

Of the \$1,910,443 balance as of December 31, 1959, \$1,362,000 is the estimated amount of federal income taxes paid for the year 1956, refund of which will be claimed because of the carry-back of net operating loss for the year 1959 pursuant to the Internal Revenue Code.

LONG-TERM DEBT

During 1959 long-term debt increased \$200,574 and long-term debt due within one year increased \$204,649, a total of \$405,223.

General Mortgage bonds outstanding in the principal amount of \$172,000 were retired during the year through the Sinking Fund.

The principal of equipment conditional sale agreements and promissory notes increased a net of \$639,223 (including \$94,649 long-term debt due within one year). A promissory note in the amount of \$672,000 was executed as of July 9, 1959, representing approximately 80% of the cost of construction of 100 box cars, and a promissory note in the amount of \$627,200 was executed as of October 1, 1959, representing approximately 80% of the construction cost of 25 flat cars, 50 gondola cars, and 25 covered hopper cars. Payments during the year on the principal of all such obligations totaled \$659,977. Such payments included the final installments on conditional sale agreements dated February 26, 1951, and March 1, 1951, which covered the purchase of two double-unit passenger and one double-unit freight Diesel-electric locomotives, as well as four single-unit road-switching Diesel-electric locomotives.

Equipment trust obligations were reduced \$612,000 through payments on the principal of existing obligations.

On October 1, 1959, a conditional sale agreement was executed with the General Railway Signal Company covering the cost of the installation of a centralized traffic control system between Minneapolis and Buffalo, Minnesota. The total estimated cost of this work increased long-term debt by \$550,000 (including the down-payment of \$110,000 to be made on December 31, 1960, which is included in long-term debt due within one year).

RETAINED INCOME

In accordance with Minnesota law, earned surplus at September 1, 1944, in the amount of \$11,364,138 is designated as "Paid-in Surplus."

CONTINGENT LIABILITIES NOT RECORDED

This company is jointly and severally liable with seven other railroads for the principal and interest of \$11,128,000 of First and Refunding Mortgage 3½% Bonds Series "B" of The Saint Paul Union Depot Company. Interest has been paid by The Saint Paul Union Depot Company on these Bonds as it became due.

RETAINED INCOME ACCOUNT

	To Dec. 31, 1958	Year 1959	To Dec. 31, 1959
RETAINED INCOME—APPROPRIATED:			
Period prior to September 1, 1944:			
For Capital Fund.....	\$ 500,000	.....	\$ 500,000
For Sinking Fund.....	369,032	.....	369,032
For Retirement of Funded Debt.....	1,184,623	.....	1,184,623
Total.....	2,053,655	.....	2,053,655
Period subsequent to September 1, 1944:			
For Sinking Fund.....	1,442,578	\$ 100,645	1,543,223
Total Retained Income—Appropriated.....	\$ 3,496,233	\$ 100,645	\$ 3,596,878
RETAINED INCOME—UNAPPROPRIATED:			
Period prior to September 1, 1944:			
Paid-in Surplus in accordance with Minnesota Law.....	\$11,364,138	.....	\$11,364,138
Less appropriations.....	2,053,655	.....	2,053,655
Balance.....	9,310,483	.....	9,310,483
Period Subsequent to September 1, 1944:			
Net Income.....	23,746,219	\$ 596,011	24,342,230
Less Sinking Fund appropriations.....	1,442,578	100,645	1,543,223
Balance after Sinking Fund charges.....	22,303,641	495,366	22,799,007
Less Dividends.....	10,427,008	719,104	11,146,112
Balance after Dividends.....	11,876,633	223,738	11,652,895
Discount and expenses on Bonds reacquired.....	2,727,050	70,402	2,797,452
Less other miscellaneous items not accounted for through Income accounts.....	1,764,667	148,183	1,912,850
Balance.....	12,839,016	301,519	12,537,497
Total Retained Income—Unappropriated.....	\$22,149,499	\$ 301,519	\$21,847,980

	1959	1958	1957	1956	1955
Times Income after Fixed Charges earned for:					
Interest on First Mortgage Bonds.....	5.0	10.0	8.8	13.4	11.8
Interest on General Mortgage Bonds.....	2.1	4.7	4.0	6.3	5.5
Sinking Fund—General Mortgage.....	5.9	19.7	16.4	29.2	25.0
Earned per Share:					
Net Income.....	\$.83	\$2.76	\$2.30	\$4.09	\$3.49
Balance after Sinking Fund charges.....	\$.69	\$2.62	\$2.16	\$3.95	\$3.35

Figures in Bold Face Denote Contra.

INVESTMENTS IN AFFILIATED COMPANIES

	Number of Shares	Par Value	Book Value	
			Dec. 31, 1959	Dec. 31, 1958
STOCKS—Pledged under First Mortgage:				
Sault Ste. Marie Bridge Co.....	2,500	\$250,000	\$ 500	\$ 500
Minnesota Transfer Railway Co.....	913	91,300	91,300	91,300
The Saint Paul Union Depot Co.....	1,036	103,600	130,475	130,475
TOTAL.....			\$222,275	\$222,275

STOCKS—Pledged under General Mortgage:

Tri-State Land Co. (See Note 1)	25,000	\$2,500,000	\$900,000	\$900,000
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STOCKS—Unpledged:

Railway Express Agency, Inc.....	3	No Par	\$ 300	\$ 300
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ADVANCES AND UNSECURED NOTES:

Minnesota Transfer Ry.—Sinking Fund.....	\$ 55,311	\$ 50,800
Minnesota Transfer Ry.—Working Fund	9,288	9,288
Minnesota Transfer Ry.—Locomotives.....	111,548	106,572
Minnesota Transfer Ry.—Construction.....	114,914	111,102
Minnesota Transfer Ry.—Land Fund.....	66,864	61,620
Railway Express Agency, Inc.....	86,747	86,747
The St. Paul Union Depot Co.—Sinking Fund.....	79,760	75,543
The St. Paul Union Depot Co.—Construction.....	128,967	115,857
Sault Ste. Marie Bridge Co.—U. S. Funds.....	83,554	58,568
TOTAL.....	\$736,953	\$676,097

OTHER INVESTMENTS

	Par Value	BOOK VALUE	
		Dec. 31, 1959	Dec. 31, 1958
Claims allowed in Wisconsin Central Ry. Co. Reorganization (See Note 2).....	\$1,892,260	\$ 1	\$ 1
St. Paul Terminal Warehouse Co.....	200	200	2,605
TOTAL.....		\$ 201	\$ 2,606

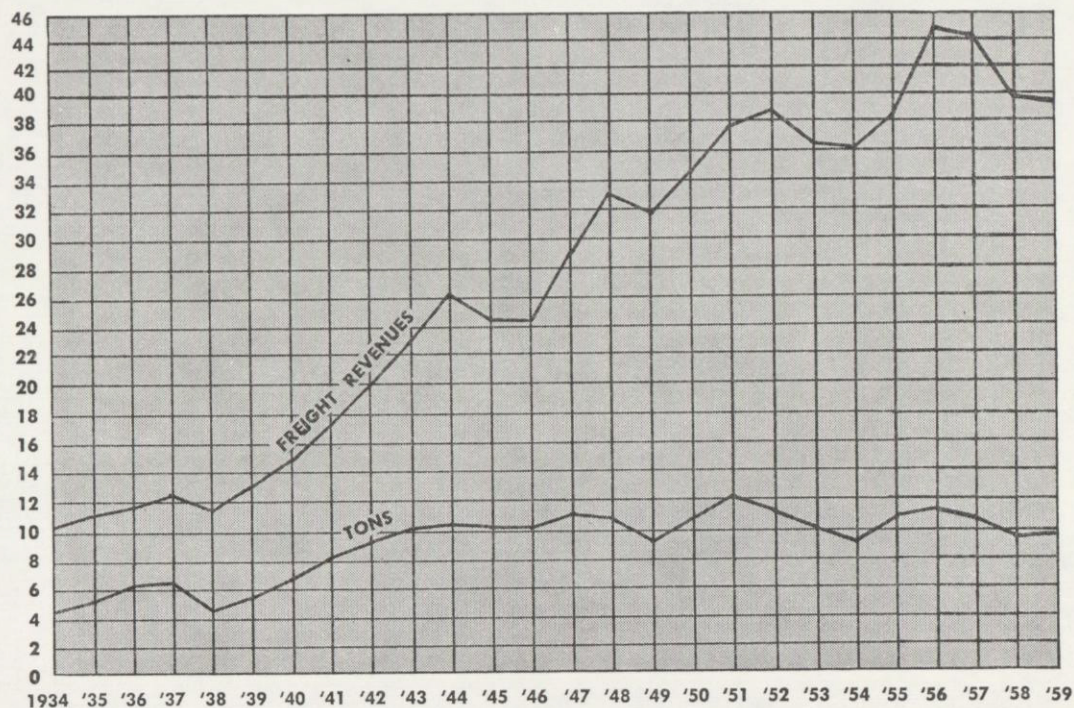
NOTE 1: The equity of the Company in the net worth (capital stock and surplus) of the Tri-State Land Company, a solely owned subsidiary, has been written down on the Soo Line books to the estimated value as determined by appraisal as of September 1, 1944. The amount of this equity is \$900,000 as shown under the column headed "Book Value." The result for the year 1959 was a net income of \$20,779, and the net worth of that company as reflected on its books at December 31, 1959, is \$1,787,707, without provision for impairment of asset values.

NOTE 2: See comments on page 14 for explanation of value of allowance for claim filed in Wisconsin Central Ry. Co. reorganization proceedings.

THE SOO LINE DOLLAR

	1959	1958	1957 (Cents)	1956	1955
Income:					
Grain.....	29.6	29.5	30.9	29.6	28.0
Other Products of Agriculture.....	3.2	3.4	3.0	3.2	3.9
Animals and Animal Products.....	1.0	1.8	1.6	1.3	1.5
Products of Mines.....	9.1	9.7	8.8	11.1	12.1
Products of Forests.....	17.5	16.9	16.0	16.4	16.9
Manufactures and Miscellaneous.....	29.4	27.8	29.6	28.8	26.9
Less than Carload Freight.....	2.3	2.6	2.6	2.4	2.7
Passenger Train Service.....	5.6	5.6	5.0	5.0	5.8
Incidental.....	1.6	1.9	1.8	1.6	1.7
Other Income.....	.7	.8	.7	.6	.5
Total.....	100.0	100.0	100.0	100.0	100.0
Spent For:					
Wages.....	55.0	52.8	50.4	48.0	49.5
Payroll Taxes (Retirement and Unemployment) and Welfare Benefits.....	5.3	4.5	4.5	3.7	3.2
All Other Taxes.....	.8	4.2	4.8	7.2	8.8
Fuel.....	3.0	3.0	3.1	3.2	3.2
Rail, Ties, and Other Track Material.....	4.1	3.4	4.7	4.6	4.4
Depreciation.....	5.4	5.1	4.5	4.1	4.8
Other Operating Expenses.....	19.7	17.1	18.8	17.4	16.9
Bond Interest and Sinking Fund.....	2.1	2.1	1.9	1.9	2.2
Equipment and Joint Facility Rents—Net.....	2.2	1.5	2.8	3.3	.4
Miscellaneous (Fixed and other expenses).....	1.2	1.9	1.3	.7	.8
Total.....	98.8	95.6	96.8	94.1	94.2
Available for Other Corporate Purposes.....	1.2	4.4	3.2	5.9	5.8

COMPARISON OF FREIGHT REVENUES WITH TONS OF FREIGHT HANDLED
MILLIONS



AMORTIZATION OF ROAD AND EQUIPMENT FOR TAX PURPOSES AND RESULTING DEFERMENT OF FEDERAL INCOME TAXES

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	TOTAL
Increases in amortization charges over normal depreciation											
accruals.....\$ 69,132	\$285,915	\$555,576	\$695,855	\$668,542	\$386,600	\$834,902	\$1,324,748	\$1,578,801	\$1,582,328	\$7,982,399	
Federal income tax rate.....42%	50.75%	52%	52%	52%	52%	52%	52%	52%	52%	52%	
Federal income tax deferment.....\$ 29,035	\$145,102	\$288,900	\$361,845	\$347,642	\$201,032	\$434,149	\$ 688,869	\$ 820,977	\$ 822,810	\$4,140,361	

NET INCOME PER SHARE OF STOCK AFTER ELIMINATION OF DEFERMENT OF FEDERAL INCOME TAXES ON ACCOUNT OF AMORTIZATION CHARGES

	1950		1951		1952		1953		1954		1955		1956		1957		1958		1959		
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	
Net Income (before Sinking Fund).....	\$1,645,614	\$2.29	\$1,968,182	\$2.74	\$1,141,177	\$1.59	\$ 605,461	\$.84	\$ 1,692,999	\$2.35											
Adjustment for deferment of federal income taxes on account of amortization.....	29,035	.04	145,102	.20	288,900	.40	361,845	.50	347,642	.48											
Adjusted Net Income.....	\$1,616,579	\$2.25	\$1,823,080	\$2.54	\$ 852,277	\$1.19	\$ 243,616	\$.34	\$1,345,357	\$1.87											
Less Sinking Fund appropriations.....	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14											
Balance after Sinking Fund charges.....	\$1,515,934	\$2.11	\$1,722,435	\$2.40	\$ 751,632	\$1.05	\$ 142,971	\$.20	\$1,244,712	\$1.73											
	1955		1956		1957		1958		1959												
Net Income (before Sinking Fund).....	\$2,512,141	\$3.49	\$2,939,806	\$4.09	\$1,652,934	\$2.30	\$1,987,283	\$2.76	\$ 596,011	\$.83											
Adjustment for deferment of federal income taxes on account of amortization.....	201,032	.28	434,149	.60	688,869	.96	820,977	1.14	822,810	1.14											
Adjusted Net Income.....	\$2,311,109	\$3.21	\$2,505,657	\$3.49	\$ 964,065	\$1.34	\$1,166,306	\$1.62	\$ 226,799	\$.31											
Less Sinking Fund appropriations.....	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14											
Balance after Sinking Fund charges.....	\$2,210,464	\$3.07	\$2,405,012	\$3.35	\$ 863,420	\$1.20	\$1,065,661	\$1.48	\$ 327,444	\$.45											

NOTE: Effective January 1, 1958, appropriations for the Sinking Fund were charged direct to Retained Income in accordance with revision of accounting regulations of the Interstate Commerce Commission. Net Income figures for years prior to 1958 have been restated to conform to current accounting requirements.

PHYSICAL PROPERTY CHANGES, ADDITIONS AND BETTERMENTS

The program of improvements to physical property was continued during 1959 consistent with the company's financial position. A brief summary of the projects undertaken in 1959 follows:

Road and General Expenditures:

Bridge Renewals and Fillings.....	\$ 518,297
Additions and Improvements to Station and Office Buildings.....	120,732
Additions and Improvements to Shops and Enginehouses, including Tools and Machinery.....	73,246
Diesel Fueling Stations.....	16,513
Yard Lighting—Thief River Falls and Gladstone.....	13,206
Additions and Improvements to Roadway Buildings and Machinery.....	88,891
Additional Company Side and Yard Tracks.....	18,955
Additional Industry Side and Yard Tracks.....	29,878
Relaying Rail in Main Tracks:	
New 115 pound, replacing 85 and 90 pound—19.06 Miles.....	248,905
With Relay Rail.....—14.20 Miles.....	27,961
Relaying Rail in Side and Yard Tracks with Relay Rail—2.88 Miles.....	14,323
Additional Tie Plates and Rail Anchors.....	145,108
Widening and Flattening Cuts.....	161,039
Additions and Improvements to Interlockers and Signals.....	122,237
Additions and Improvements to Communication Systems.....	75,781
Miscellaneous Expenditures.....	52,475
Total.....	\$1,727,547

Equipment:

Install Radio Equipment in 20 Diesel Locomotives.....	\$ 35,903
Construction of 100 40'6" 50-ton box cars.....	881,363
Construction of 50 52'6" 70-ton gondola cars.....	409,540
Construction of 25 53'6" 70-ton flat cars.....	175,880
Construction of 25 70-ton covered hopper cars.....	227,414
Install radio equipment in 45 caboose cars.....	23,879
Purchase 2 8,000-gal. capacity coiled-tank cars, secondhand.....	3,429
Remodel 3 flat cars to handle cylinders of calcium carbide.....	7,658
Convert work tank car to revenue service.....	1,368
Purchase 14 automobiles and trucks.....	50,664
Purchase 1 automobile and equip as highway-rail car.....	5,614
Adjustments applicable to construction of cars previously reported.....	53,706
Miscellaneous expenditures.....	27,700
Total.....	\$1,796,706

TRACK MILES OF RAIL LAID

Installed in Main Track:	1959	1958	1957	1956	1955
New 115 Pound.....	19.06	16.46	.....	.....	.....
New 100 Pound.....	.....	.....	37.40	27.03	14.55
New 90 Pound.....	.....	.....	.....	6.04	7.67
Second Hand 90 Pound.....	12.21	10.37	10.00	13.09	11.75
Second Hand 85 Pound.....	1.99	.....	7.67	.....	.....
Second Hand 80 Pound.....	.....	.....	10.82	.....	2.39
Total—Installed in Main Track.....	33.26	26.83	65.89	46.16	36.36
Installed in Other Tracks:					
Second Hand, Various Weights.....	2.88	3.25	3.93	8.30	4.71

CROSS TIES REPLACED

	1959	1958	1957	1956	1955
Untreated Cross Ties.....	.....	12	20	78	168
Treated Cross Ties.....	321,199	244,277	345,767	365,005	354,131
Total.....	321,199	244,289	345,787	365,083	354,299

MATURITIES BY YEARS OF LONG-TERM DEBT OUTSTANDING AT DECEMBER 31, 1959

(Exclusive of amounts due within one year, which are included in Current Liabilities on the Balance Sheet)

Year of Maturity	Equipment Obligations					C. T. C. Signal System Conditional Sale Agreement	First Mortgage Income 4½% Bonds Series A, Due Jan. 1, 1971	General Mortgage Income 4% Bonds Series A, Due Jan. 1, 1991	Total
	Conditional Sale Agreements and Promis- sory Notes	Equipment Trust Series A, Dated July 1, 1952	Equipment Trust Series B, Dated Aug. 1, 1954	Equipment Trust Series C, Dated Nov. 1, 1956	Equipment Trust Series D, Dated Aug. 1, 1957				
1961.....	\$ 693,025	\$ 190,000	\$ 130,000	\$ 176,000	\$ 116,000	\$ 80,667	.....	.....	\$ 1,385,692
1962.....	693,026	190,000	130,000	176,000	116,000	88,000	.....	.....	1,393,026
1963.....	693,025	190,000	130,000	176,000	116,000	88,000	.....	.....	1,393,025
1964.....	675,794	190,000	130,000	176,000	116,000	88,000	.....	.....	1,375,794
1965.....	592,900	190,000	130,000	176,000	116,000	88,000	.....	.....	1,292,900
1966.....	515,150	190,000	130,000	176,000	116,000	7,333	.....	.....	1,134,483
1967.....	413,800	190,000	130,000	176,000	116,000	.....	.....	.....	1,025,800
1968.....	313,000	.....	130,000	176,000	116,000	.....	.....	.....	735,000
1969.....	313,000	.....	130,000	176,000	116,000	.....	.....	.....	735,000
1970.....	.....	.....	.....	176,000	116,000	.....	.....	.....	292,000
1971.....	.....	.....	.....	176,000	116,000	.....	\$6,239,000	.....	6,531,000
1972.....	.....	.....	.....	.....	116,000	.....	.....	.....	116,000
1991.....	.....	.....	.....	.....	.....	.....	.....	\$13,269,800	13,269,800
Totals...	\$4,902,720	\$1,330,000	\$1,170,000	\$1,936,000	\$1,392,000	\$440,000	\$6,239,000	\$13,269,800	\$30,679,520

LOCOMOTIVES AND FREIGHT TRAIN CARS ADDED AND RETIRED

Year	Diesel-electric Locomotives		Steam Locomotives		Freight-Train Cars	
	Added	Retired	Added	Retired	Added	Retired
1935.....	.....	.....	.....	9	.....	292
1936.....	.....	.....	.....	3	500	530
1937.....	.....	.....	.....	1	200	956
1938.....	.....	.....	.....	7	.....	153
1939.....	3	.....	.....	4	.....	386
1940.....	.....	.....	.....	10	755	289
1941.....	1	.....	8	3	302	117
1942.....	.....	.....	4	3	100	169
1943.....	.....	.....	.....	6	.....	156
1944.....	.....	.....	.....	1	.....	173
1945.....	1	.....	.....	.....	.....	171
1946.....	.....	.....	.....	3	.....	208
1947.....	7	.....	.....	4	.....	464
1948.....	11	.....	.....	16	.....	436
1949.....	8	.....	.....	11	350	229
1950.....	7	.....	.....	9	395	499
1951.....	7	.....	.....	18	374	571
1952.....	10	1	.....	7	107	303
1953.....	.....	.....	.....	17	318	335
1954.....	22	.....	.....	37	363	198
1955.....	12	.....	.....	25	41	488
1956.....	3	.....	.....	10	319	236
1957.....	3	.....	.....	1	528	126
1958.....	.....	.....	.....	.....	110	111
1959.....	.....	.....	.....	11	203	94

See page 32 for list of equipment owned at end of year.

DETAILS OF INCOME ACCOUNT

OPERATING REVENUES

FREIGHT:	1959	1958	1957	1956	1955
Products of Agriculture:					
Grain.....	\$12,586,769	\$12,786,030	\$14,751,387	\$14,298,151	\$11,694,186
Flour.....	139,081	200,907	127,871	100,410	94,695
Potatoes.....	203,955	194,459	228,759	214,471	334,938
All Other.....	1,027,741	1,077,859	1,088,788	1,244,950	1,191,912
Total.....	13,957,546	14,259,255	16,196,805	15,857,982	13,315,731
Animals and Animal Products:					
Cattle and Calves.....	168,823	471,471	353,969	159,359	162,808
Hogs.....	5,923	8,520	11,548	19,190	19,626
Butter.....	50,162	44,676	54,868	115,961	125,160
All Other.....	192,429	241,305	325,929	318,959	340,574
Total.....	417,337	765,972	746,314	613,469	648,168
Products of Mines:					
Bituminous Coal.....	611,860	604,622	641,153	704,188	644,847
Lignite Coal.....	403,728	389,543	404,113	470,246	571,573
Iron Ore.....	882,286	1,108,457	1,490,897	1,501,964	1,864,370
Stone and Rock.....	173,851	189,017	185,484	616,050	690,029
Gravel and Sand.....	81,712	72,866	281,980	107,522	131,076
All Other.....	1,720,808	1,813,924	1,195,618	1,968,499	1,161,687
Total.....	3,874,245	4,178,429	4,199,245	5,368,469	5,063,582
Products of Forests:					
Posts, Poles, and Piling, Wooden.....	356,790	397,392	543,471	485,454	423,459
Logs, Butts and Bolts.....	264,814	223,131	338,655	366,202	355,500
Pulpwood.....	1,036,506	1,225,333	1,493,038	1,231,633	865,877
Lumber, Shingles and Lath.....	5,441,991	5,167,432	4,876,611	5,353,603	5,143,235
All Other.....	332,175	324,957	412,268	454,856	282,258
Total.....	7,432,276	7,338,245	7,664,043	7,891,748	7,070,329
Manufactures and Miscellaneous:					
Gasoline and Petroleum Products.....	827,136	902,233	1,105,630	991,368	878,379
Fuel and Road Oils, etc.....	284,713	287,342	414,278	399,628	429,205
Manufactured Iron and Steel.....	569,932	649,285	841,887	889,140	757,611
Cement, Building.....	496,877	455,686	426,839	582,651	615,459
Agricultural Implements and Parts.....	454,860	380,213	418,356	466,511	350,235
Iron and Steel Pipe.....	427,487	562,620	2,276,613	1,758,577	448,075
Newsprint Paper.....	1,538,824	1,620,153	1,456,147	1,285,857	1,174,277
Woodpulp.....	1,452,151	1,238,844	1,060,629	1,024,247	871,799
All Other.....	6,475,641	5,941,051	6,139,156	6,516,778	5,741,708
Total.....	12,527,621	12,037,427	14,139,535	13,914,757	11,266,748
Less-than-carload Freight.....	1,001,143	1,126,150	1,233,837	1,164,204	1,110,440
Total Freight.....	39,210,168	39,705,478	44,179,779	44,810,629	38,474,998
PASSENGER.....	713,965	744,911	852,254	883,025	927,296
MAIL.....	1,163,842	1,212,222	1,145,797	1,104,816	1,058,140
EXPRESS.....	230,005	203,686	204,640	256,094	226,269
MILK.....	66,458	75,349	70,501	69,174	86,028
OTHER PASSENGER-TRAIN SERVICE.....	222,842*	207,174	136,969	112,844	111,554
SWITCHING.....	177,869	170,967	164,682	151,153	139,435
DEMURRAGE.....	129,350	123,678	135,711	128,715	102,754
TELEGRAPH AND TELEPHONE.....	29,656	30,575	36,433	39,425	39,033
ORE DOCK CHARGES.....	120,883	146,402	118,520	100,965	123,306
JOINT FACILITY—NET.....	114,052	150,219	189,353	159,745	148,525
ALL OTHER.....	103,137	200,399	190,457	174,428	178,441
Total Operating Revenues.....	\$42,282,227	\$42,971,060	\$47,425,096	\$47,991,013	\$41,615,779

*Includes revenue from Dining and Buffet service previously included in "All Other."

DETAILS OF INCOME ACCOUNT—Continued

OPERATING EXPENSES

	1959	1958	1957	1956	1955
Maintenance of Way and Structures:					
Superintendence.....	\$ 591,601	\$ 545,666	\$ 519,740	\$ 496,372	\$ 460,525
Roadway Maintenance.....	925,462	877,691	1,061,891	962,968	925,357
Tunnels and Subways.....	121	108	116	540	145
Bridges, Trestles and Culverts.....	266,178	195,345	296,106	242,215	226,979
Ties.....	1,121,811	886,611	1,137,190	1,214,464	1,197,318
Rails.....	231,337	182,458	431,073	449,318	267,141
Other Track Material.....	379,810	417,238	661,535	541,039	351,608
Ballast.....	359,205	113,434	365,120	252,317	181,141
Track Laying and Surfacing (Labor).....	2,259,282	2,112,559	2,750,699	2,582,531	2,203,293
Total.....	5,543,206	4,785,444	6,703,730	6,245,392	5,352,982
Fences, Snowsheds and Signs.....	93,153	79,168	101,811	105,376	75,250
Station and Office Buildings.....	252,909	211,564	306,378	227,286	246,448
Roadway Buildings.....	7,643	6,615	7,322	10,480	7,157
Water Stations.....	4,753	7,105	6,697	15,071	12,069
Fuel Stations.....	3,826	5,704	2,483	2,743	3,343
Shops and Enginehouses.....	181,100	196,431	238,756	237,457	156,560
Wharves and Docks.....	.....	.....	.....	5,144	.....
Communication Systems.....	220,404	203,627	184,066	160,622	161,443
Signals and Interlockers.....	47,798	47,835	52,416	51,550	50,852
Power Plants.....	4,162	5,485	7,792	6,243	17,016
Power Transmission Systems.....	2,135	46	1,232	2,846	191
Miscellaneous Structures.....	1,086	577	530	19	.....
Total.....	818,969	764,157	909,483	824,837	730,329
Roadway Machines.....	172,977	84,319	296,129	259,897	194,589
Dismantling Retired Road Property.....	29,325	27,257	32,531	51,718	37,608
Small Tools and Supplies.....	128,359	124,091	152,198	121,969	106,077
Removing Snow, Ice, and Sand.....	178,690	152,506	152,981	324,688	277,635
Public Improvements—Maintenance.....	92,731	85,498	85,488	89,180	83,029
Injuries to Persons.....	54,682	34,406	68,653	59,185	63,680
Insurance.....	38,990	59,542	61,736	33,718	30,230
Stationery and Printing.....	12,401	8,590	12,887	9,498	8,541
Other Expenses.....	181,791	206,701	268,578	173,903	84,287
Maintaining Jt. Trks., Yds. and Other Fac.—Dr.....	189,796	188,263	288,705	267,549	254,312
Maintaining Jt. Trks., Yds. and Other Fac.—Cr.....	27,961	26,690	33,915	22,451	25,660
Right-of-Way Expenses.....	4,273	4,468	7,071	6,585	4,716
Total.....	1,056,054	948,951	1,393,042	1,375,439	1,119,044
Total Maint. of Way and Struct. Excluding Depreciation and Retirement Charges.....					
	8,009,830	7,044,218	9,525,995	8,942,040	7,662,880
Depreciation and Retirement Charges:					
Road Property—Depreciation.....	571,814	552,391	533,023	510,703	535,044
Retirements—Road.....	75,661	29,733	74,463	209,445	114,795
Total.....	647,475	582,124	607,486	720,148	649,839
Total Maint. of Way and Struct. Including Depreciation and Retirement Charges.....					
	\$ 8,657,305	\$ 7,626,342	\$10,133,481	\$9,662,188	\$8,312,719
Per cent to Total Operating Revenues.....	20.48	17.75	21.37	20.13	19.97

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Continued

	1959	1958	1957	1956	1955
Maintenance of Equipment:					
Superintendence.....	\$ 206,071	\$ 186,460	\$ 182,153	\$ 170,297	\$ 157,950
Shop Machinery.....	87,452	100,603	146,487	121,363	96,486
Power Plant Machinery.....	12,727	12,967	17,395	43,391	34,457
Steam Locomotives—Repairs.....	763	2,145	2,908	15,360	49,544
Other Locomotives—Repairs.....	1,914,049	1,777,807	2,022,386	1,996,142	1,725,369
Freight-Train Cars—Repairs.....	3,251,270	2,829,378	3,135,830	3,178,282	3,253,714
Passenger-Train Cars—Repairs.....	392,335	645,025	691,287	692,167	604,196
Work Equipment—Repairs.....	114,415	71,695	118,450	100,256	82,811
Miscellaneous Equipment—Repairs.....	39,723	35,327	34,617	37,326	31,973
Total.....	5,812,734	5,470,657	6,169,360	6,184,287	5,779,462
 Dismantling Retired Shop & P. P. Machinery.....	466	533	564	3,922	556
Dismantling Retired Equipment.....	13,338	48	5,559	5,325	7,109
Retirements—Equipment.....	9,664	10,334	8,237	9,089	3,778
Injuries to Persons.....	35,078	18,994	44,927	13,364	28,244
Insurance.....	125,012	110,489	95,555	94,346	91,452
Stationery and Printing.....	5,124	4,419	6,453	4,041	5,259
Other Expenses.....	129,143	139,239	184,725	128,107	43,806
Joint Maint. of Equip. Expenses—Dr.....	33,882	40,822	56,172	60,817	47,119
Joint Maint. of Equip. Expenses—Cr.....	3,731	3,331	4,345	4,572	4,002
Total.....	328,648	299,813	380,245	296,261	215,765
Total Maintenance of Equipment Excluding Depreciation Charges.....	6,347,453	5,956,930	6,731,758	6,650,845	6,153,177
 Depreciation Charges:					
Shop and Power Plant Machinery.....	21,763	22,111	22,119	23,246	22,911
Equipment.....	1,689,539	1,643,927	1,594,632	1,436,837	1,444,353
Total.....	1,711,302	1,666,038	1,616,751	1,460,083	1,467,264
Total Maintenance of Equipment Including Depreciation.....	\$8,058,755	\$7,622,968	\$ 8,348,509	\$8,110,928	\$7,620,441
 Per cent to Total Operating Revenues.....	19.06	17.74	17.60	16.91	18.31
 Traffic:					
Superintendence.....	\$ 465,609	\$ 431,405	\$ 388,913	\$ 362,768	\$ 316,999
Outside Agencies.....	680,936	638,581	605,442	580,989	533,834
Advertising.....	62,013	58,576	70,026	66,675	54,418
Traffic Associations.....	38,800	36,304	32,174	29,288	27,895
Industrial and Immigration Bureaus.....	15,900	13,507	12,976	11,389	9,229
Insurance.....	941	276	97	307	350
Stationery and Printing.....	74,866	76,751	61,601	62,869	58,092
Other Expenses.....	16,734	17,165	6,483	13,988	7,612
Total Traffic.....	\$1,355,799	\$1,272,565	\$ 1,177,712	\$1,128,273	\$1,008,429
 Per cent to Total Operating Revenues.....	3.21	2.96	2.49	2.35	2.43

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Continued

	1959	1958	1957	1956	1955
Transportation:					
Superintendence.....	\$ 504,896	\$ 480,685	\$ 580,277	\$ 466,791	\$ 420,988
Dispatching Trains.....	259,769	252,506	244,099	233,405	214,295
Total.....	764,665	733,191	824,376	700,196	635,283
Station Employees.....	2,821,177	2,858,325	2,777,274	2,651,411	2,415,899
Weighing Insp. and Dem. Bureaus.....	43,470	39,842	41,628	34,405	33,533
Station Supplies and Expenses.....	248,911	230,936	244,184	228,877	197,793
Total.....	3,113,558	3,129,103	3,063,086	2,914,693	2,647,225
Yard Masters and Yard Clerks.....	497,809	474,261	431,825	422,329	359,510
Yard Conductors and Brakemen.....	1,078,817	1,013,121	1,087,378	1,072,454	823,329
Yard Switch and Signal Tenders.....	37,195	35,752	32,413	30,612	26,915
Yard Enginemen.....	723,816	671,540	723,821	690,122	552,658
Yard Switching Fuel.....	92,125	86,605	112,359	116,653	99,888
Water for Yard Locomotives.....	1,598	1,713	2,334	2,682	6,127
Lubricants for Yard Locomotives.....	12,477	11,954	12,865	12,350	11,031
Other Supplies for Yard Locomotives.....	11,332	11,502	14,047	11,338	8,277
Enginehouse Expenses—Yard.....	175,011	169,858	170,382	149,678	124,141
Yard Supplies and Expenses.....	19,746	19,299	17,499	17,130	14,906
Opr. Joint Yards and Terminals—Dr.....	838,042	905,160	1,027,148	978,583	828,707
Opr. Joint Yards and Terminals—Cr.....	46,793	42,840	52,279	48,454	51,824
Total.....	3,441,175	3,357,925	3,579,792	3,455,477	2,803,665
Train Enginemen.....	1,973,826	2,051,019	2,106,323	1,982,280	1,799,000
Train Fuel.....	1,204,981	1,203,905	1,353,764	1,426,682	1,240,391
Water for Train Locomotives.....	15,285	17,557	21,507	25,141	32,022
Lubricants for Train Locomotives.....	111,108	103,514	102,909	90,104	68,439
Other Supplies for Train Locomotives.....	28,478	32,890	34,633	27,645	27,325
Enginehouse Expenses—Train.....	518,156	556,045	515,251	461,783	430,104
Trainmen.....	2,970,740	2,996,999	3,096,123	2,921,576	2,618,791
Train Supplies and Expenses.....	1,294,003	1,231,130	1,393,131	1,356,837	1,027,829
Operating Sleeping Cars.....	165,707	169,339	169,382	182,090	205,960
Total.....	8,282,284	8,362,398	8,793,023	8,474,138	7,449,861
Signal and Interlocker Operation.....	139,412	135,843	125,570	116,059	105,056
Crossing Protection.....	27,676	27,725	25,463	28,611	35,222
Drawbridge Operation.....					62
Communication System Operation.....	130,993	123,120	104,504	94,866	86,300
Stationery and Printing.....	69,762	61,602	73,797	61,488	51,830
Other Expenses.....	156,461	138,094	144,384	99,869	51,957
Operating Jt. Trks. and Facilities—Dr.....	140,252	142,732	156,227	174,059	139,994
Operating Jt. Trks. and Facilities—Cr.....	31,443	32,163	31,399	27,583	26,109
Insurance.....	28,932	12,152	26,717	30,466	27,289
Clearing Wrecks.....	154,517	131,477	86,438	124,838	37,529
Damage to Property.....	9,592	10,459	14,324	17,380	7,072
Damage to Live Stock on R. of W.....	7,495	8,434	8,392	9,051	7,943
Loss and Damage—Freight.....	325,274	301,647	240,944	256,825	190,134
Loss and Damage—Baggage.....	31	39	11	118	248
Injuries to Persons.....	215,732	99,733	193,994	220,562	216,347
Total.....	1,374,686	1,160,894	1,169,366	1,206,609	930,874
Total Transportation.....	\$16,976,368	\$16,743,511	\$17,429,643	\$16,751,113	\$14,466,908
Per cent to Total Operating Revenues.....	40.15	38.96	36.75	34.90	34.76
Miscellaneous Operations:					
Dining and Buffet Service.....	\$ 199,776	\$ 165,208	\$ 178,599	\$ 209,240	\$ 214,534
Operating Jt. Misl. Facilities—Dr.....	11,945	14,093	17,663	16,458	18,353
Total Miscellaneous Operations.....	\$ 211,721	\$ 179,301	\$ 196,262	\$ 225,698	\$ 232,887
Per cent to Total Operating Revenues.....	.50	.42	.41	.47	.56

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Continued

	1959	1958	1957	1956	1955
General:					
Sal. and Exp. of General Officers	\$ 262,761	\$ 243,217	\$ 219,774	\$ 226,705	\$ 185,528
Sal. and Exp. of Clerks and Attendants.....	1,092,242	1,083,666	1,069,616	951,873	841,066
General Office Supplies and Expenses.....	126,454	146,727	120,241	91,565	77,215
Law Expenses.....	173,297	153,308	151,338	141,527	142,564
Insurance.....	1,030	592	424	815	610
Pensions and Gratuities.....	448,772	439,307	400,784	145,057	45,909
Stationery and Printing.....	61,251	50,195	61,231	43,521	46,491
Other Expenses.....	123,811	120,114	61,349	123,978	91,134
General Joint Facilities—Dr.....	12,678	12,441	14,413	13,340	11,918
General Joint Facilities—Cr.....	4,630	4,361	5,306	4,057	4,258
Total General.....	\$ 2,297,666	\$ 2,245,206	\$ 2,093,864	\$ 1,734,324	\$ 1,438,177
Per cent to Total Operating Revenues.....	5.43	5.23	4.42	3.61	3.46
Total Railway Operating Expenses.....	\$37,557,614	\$35,689,893	\$39,379,471	\$37,612,524	\$33,079,561
Per cent to Total Operating Revenues.....	88.83	83.06	83.04	78.37	79.49
NET REVENUE FROM RAILWAY OPERATIONS	\$ 4,724,613	\$ 7,281,167	\$ 8,045,625	\$10,378,489	\$ 8,536,218

RAILWAY TAX ACCRUALS

Payroll Taxes:					
Railroad Retirement.....	\$ 1,191,575	\$ 1,079,506	\$ 1,249,839	\$ 1,207,807	\$ 1,122,461
Railroad Unemployment.....	638,030	436,878	396,535	295,215	89,841
Total Payroll Taxes.....	1,829,605	1,516,384	1,646,374	1,503,022	1,212,302
Other Taxes:					
Federal Income:					
Current Year.....		65,000	415,000	1,670,000	2,061,000
Adjustment of Prior Years.....	1,468,630	60,795	5,026		
State, Local and Other.....	1,794,041	1,818,406	1,849,707	1,815,185	1,616,425
Total Other Taxes.....	325,411	1,822,611	2,269,733	3,485,185	3,677,425
Total Railway Tax Accruals.....	\$ 2,155,016	\$ 3,338,995	\$ 3,916,107	\$ 4,988,207	\$ 4,889,727
RAILWAY OPERATING INCOME.....	\$ 2,569,597	\$ 3,942,172	\$ 4,129,518	\$ 5,390,282	\$ 3,646,491

EQUIPMENT RENTS — NET

Freight Cars.....	\$ 710,658	\$ 274,773	\$ 894,114	\$ 1,212,325	\$ 115,428
Passenger Cars.....	40,314	131,689	170,993	95,096	71,555
Locomotives.....	23,329	29,344	18,357	21,103	25,516
Work Equipment.....	2,995	2,821	1,492	1,254	3,042
Total Equipment Rents—Net.....	\$ 724,648	\$ 374,297	\$ 1,048,242	\$ 1,287,572	\$ 66,347

JOINT FACILITY RENTS

Rents Payable.....	\$ 515,368	\$ 530,414	\$ 607,430	\$ 583,857	\$ 552,281
Rents Receivable.....	288,578	262,428	294,839	294,548	301,276
Total Joint Facility Rents—Net.....	\$ 226,790	\$ 267,986	\$ 312,591	\$ 289,309	\$ 251,005
TOTAL WORKING EXPENSES.....	\$40,664,068	\$39,671,171	\$44,656,411	\$44,177,612	\$38,153,946
Per cent to Total Operating Revenues.....	96.17	92.32	94.16	92.05	91.68
NET RAILWAY OPERATING INCOME.....	\$ 1,618,159	\$ 3,299,889	\$ 2,768,685	\$ 3,813,401	\$ 3,461,833

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Concluded

OTHER INCOME

	1959	1958	1957	1956	1955
Miscellaneous Rent Income	\$ 128,836	\$ 124,746	\$ 113,185	\$ 90,315	\$ 87,618
Income from Non-Operating Property	1,799	4,935	1,483	5,658	6,928
Dividend Income	4,144	4,144	4,144	4,144	4,144
Interest Income	126,588	123,196	219,226	172,605	106,409
Miscellaneous Income	42,800	69,390	11,921	11,945	14,125
Total Other Income	\$ 304,167	\$ 326,411	\$ 346,993	\$ 284,667	\$ 219,224
TOTAL INCOME	\$1,922,326	\$3,626,300	\$3,115,678	\$4,098,068	\$3,681,057

MISCELLANEOUS DEDUCTIONS FROM INCOME

Miscellaneous Rents	\$ 4,498	\$ 3,377	\$ 4,539	\$ 4,616	\$ 3,342
Miscellaneous Tax Accruals	446	4,791	240	2,234	2,360
Miscellaneous Income Charges	52,208	344,221	213,008	14,520	27,183
Total Miscellaneous Deductions from Income	\$ 56,260	\$ 352,389	\$ 217,307	\$ 21,370	\$ 32,885

INCOME AVAILABLE FOR FIXED AND

CONTINGENT CHARGES	\$1,866,066	\$3,273,911	\$2,898,371	\$4,076,698	\$3,648,172
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FIXED CHARGES

Rent for Leased Road and Equipment	\$ 1,685	\$ 1,685	\$ 1,685	\$ 1,685	\$ 1,685
Interest on Equipment Obligations	445,620	454,231	406,600	292,672	290,359
Interest on Unfunded Debt	235	157	230	965	375
Amortization of Discount on Funded Debt	10,963	12,123	10,904	7,260	7,111
Total Fixed Charges	\$ 458,503	\$ 468,196	\$ 419,419	\$ 302,582	\$ 299,530

INCOME AVAILABLE FOR CONTINGENT CHARGES	\$1,407,563	\$2,805,715	\$2,478,952	\$3,774,116	\$3,348,642
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CONTINGENT INTEREST

Interest on First Mortgage Bonds	\$ 280,760	\$ 280,760	\$ 280,706	\$ 282,158	\$ 283,909
Interest on General Mortgage Bonds	530,792	537,672	545,312	552,152	552,592
Total Contingent Interest	\$ 811,552	\$ 818,432	\$ 826,018	\$ 834,310	\$ 836,501

NET INCOME	\$ 596,011	\$1,987,283	\$1,652,934	\$2,939,806	\$2,512,141
Less Sinking Fund—General Mortgage*	100,645	100,645	100,645	100,645	100,645
BALANCE AFTER SINKING FUND CHARGES	\$ 495,366	\$1,886,638	\$1,552,289	\$2,839,161	\$2,411,496

*Effective January 1, 1958, appropriations for the Sinking Fund were charged direct to Retained Income in accordance with accounting regulations prescribed by the Interstate Commerce Commission.

Figures in Bold Face Denote Contra.

OPERATING STATISTICS

	1959	1958	1957	1956	1955
AVERAGE MILES OF ROAD OPERATED.....	3,222.35	3,222.20	3,222.16	3,223.98	3,224.14

TRAIN MILES (REVENUE SERVICE)

Freight Service:

Steam.....	.....	.....	277	20,225	13,197
Diesel.....	2,566,949	2,773,231	3,113,496	3,059,623	2,931,104
Total.....	2,566,949	2,773,231	3,113,773	3,079,848	2,944,301

Passenger Service:

Steam.....	.....	.....	198	234	10,605
Diesel.....	1,220,318	1,444,934	1,431,967	1,447,425	1,447,513
Total.....	1,220,318	1,444,934	1,432,165	1,447,659	1,458,118

TOTAL TRAIN MILES.....	3,787,267	4,218,165	4,545,938	4,527,507	4,402,419
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LOCOMOTIVE MILES (REVENUE SERVICE)

Freight Service:

Steam.....	277	20,225	14,070
Diesel.....	2,572,799	2,784,310	3,133,532	3,097,409	2,965,324
Total.....	2,572,799	2,784,310	3,133,809	3,117,634	2,979,394

Passenger Service:

Steam.....	.....	.....	198	234	10,701
Diesel.....	1,236,168	1,462,449	1,449,681	1,468,257	1,472,909
Total.....	1,236,168	1,462,449	1,449,879	1,468,491	1,483,610

Switching Service—Road and Yard

Steam.....	.....	.....	1,488	10,848	7,056
Diesel.....	986,446	1,011,157	1,159,621	1,151,329	922,002
Total.....	986,446	1,011,157	1,161,109	1,162,177	929,058

TOTAL LOCOMOTIVE MILES.....	4,795,413	5,257,916	5,744,797	5,748,302	5,392,062
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CAR MILES (REVENUE SERVICE)

Freight:

Loaded.....	81,061,119	83,028,854	89,443,198	96,991,367	89,056,286
Empty.....	45,630,649	48,287,625	53,425,179	55,228,044	45,978,770
Caboose.....	2,061,221	2,271,597	2,592,378	2,546,238	2,550,563
Total.....	128,752,989	133,588,076	145,460,755	154,765,649	137,585,619

Passenger:

Coaches.....	1,477,628	1,564,280	1,598,071	1,642,456	1,657,234
Sleeping and Parlor.....	1,792,963	1,907,858	2,027,884	2,268,774	2,204,871
Other.....	4,773,277	5,038,990	5,097,367	5,097,754	5,197,307
Total.....	8,043,868	8,511,128	8,723,322	9,008,984	9,059,412

TOTAL CAR MILES.....	136,796,857	142,099,204	154,184,077	163,774,633	146,645,031
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GROSS TON MILES

Freight Service—Cars and Contents.....	5,841,238,167	5,939,656,406	6,557,385,591	6,974,432,205	6,255,836,910
Passenger Service—Cars Only.....	468,232,972	501,768,192	512,330,088	532,199,348	532,591,708
TOTAL GROSS TON MILES.....	6,309,471,139	6,441,424,598	7,069,715,679	7,506,631,553	6,788,428,618

OPERATING STATISTICS—Continued

	1959	1958	1957	1956	1955
CONSUMPTION OF FUEL:					
Coal in Tons:					
Freight.....	.....	.....	.....†	1,846	1,118
Passenger.....	.....	.....	.....†	24	506
Yard Switching.....	.....	.....	.....†	105	346
Total.....	.....	.....	.....†	1,975	1,970
Average Cost per Ton.....	.....	.....	.....†	\$9.2152	\$6.6226
Diesel Fuel in Gallons:					
Freight.....	9,781,660	9,930,900	10,459,250	10,973,496	9,763,355
Passenger.....	2,345,054	2,492,570	2,509,035	2,708,205	2,598,783
Yard Switching.....	908,639	878,646	1,030,301	1,061,457	941,134
Total.....	13,035,353	13,302,116	13,998,586	14,743,158	13,303,272
Average Cost per Gallon.....	\$.1002	\$.0980	\$.1055	\$.1051	\$.1016
Cost per 1,000 Gross Ton Miles:					
Steam Fuel:					
Road Freight.....	.....	.....	.....†	\$ .8410	\$.7800*
Road Passenger.....	.....	.....	.....†	1.1511	7.1362*
Diesel Fuel:					
Road Freight.....	\$.1666	\$.1627	\$.1663	\$.1618	\$.1544
Road Passenger.....	.4804	.4582	.4959	.5175	.4793
Cost per Switch Engine Hour:					
Steam Fuel.....	.....	.....	.....†	\$2.5319	\$3.6075*
Diesel Fuel.....	\$.8280	\$.7974	\$.8980	.8914	.8760
FREIGHT TRAFFIC:					
Freight Revenue.....	\$39,210,168	\$39,705,478	\$44,179,779	\$44,810,629	\$38,474,998
Number of Carloads.....	245,979	248,292	281,692	297,077	286,875
Tons—Revenue Freight.....	9,465,141	9,411,066	10,752,965	11,273,589	10,852,263
Ton Miles—Revenue Freight.....	2,628,826,942	2,655,328,802	2,974,709,559	3,212,886,906	2,918,609,667
Train Load:					
Gross Tons per Train—Steam.....	.....	.....	.....†	1,097	832
Diesel.....	2,276	2,114	2,080	2,272	2,131
Average.....	.....	.....	.....	2,265	2,125
Net Tons per Carload.....	32.4	32.0	33.3	33.1	32.8
Train Fuel Consumption per 1,000 Gross Ton Miles:					
Pounds of Coal—Steam.....	.....	.....	.....†	166	211
Gallons of Fuel Oil—Diesel.....	1.7	1.7	1.6	1.6	1.6
Train Speed:					
Steam.....	.....	.....	.....†	13.9	14.3
Diesel.....	19.9	20.9	21.0	20.5	21.0
Average.....	.....	.....	.....	20.4	20.9
Gross Ton Miles per Train Hour:					
Steam.....	.....	.....	.....†	15,303	11,868
Diesel.....	44,576	44,129	43,809	46,477	44,727
Average.....	.....	.....	.....	46,177	44,511

*Includes loss on disposition of locomotive coal on account of dieselization.

†Statistics relating to steam operation too small to report.

OPERATING STATISTICS—Continued

	1959	1958	1957	1956	1955
Averages per Mile of Road:					
Freight Revenue.....	\$ 12,168	\$ 12,322	\$ 13,711	\$ 13,899	\$ 11,933
Train Miles.....	797	861	966	955	913
Freight Train Car Miles.....	39,956	41,459	45,144	48,005	42,674
Ton Miles—Revenue Freight.....	815,810	824,073	923,204	996,559	905,237
Averages per Train Mile:					
Freight Revenue.....	\$ 15.28	\$ 14.32	\$ 14.19	\$ 14.55	\$ 13.07
Freight Cars—Loaded.....	31.6	29.9	28.7	31.5	30.2
Freight Cars—Empty.....	17.8	17.4	17.2	17.9	15.8
Tons of Revenue Freight.....	1,024.1	957.5	955.3	1,043.2	991.3
Gross Tons.....	2,275.6	2,141.8	2,105.9	2,264.5	2,124.7
Averages per Loaded Car Mile:					
Freight Revenue (Cents).....	48.4	47.8	49.4	46.2	43.2
Tons of Revenue Freight.....	32.4	32.0	33.3	33.1	32.8
Miscellaneous Averages:					
Revenue per Ton of Freight.....	\$ 4.14	\$ 4.22	\$ 4.11	\$ 3.97	\$ 3.55
Revenue per Ton Mile of Freight (Cents).....	1.49	1.50	1.49	1.39	1.32
Miles Hauled per Ton—Revenue Freight.....	277.7	282.2	276.6	285.0	268.9
PASSENGER TRAFFIC:					
Passenger Revenue.....	\$ 713,965	\$ 744,911	\$ 852,254	\$ 883,025	\$ 927,296
Total Passenger Train Revenue.....	\$2,397,112	\$2,443,342	\$2,410,161	\$ 2,425,953	\$ 2,409,287
Revenue Passengers Carried.....	134,045	152,828	159,620	180,596	163,931
Revenue Passenger Miles.....	28,231,871	29,677,737	42,827,160	45,145,846	49,888,596
Averages per Mile of Road:					
Passenger Revenue.....	\$ 222	\$ 231	\$ 264	\$ 274	\$ 288
Total Passenger Train Revenue.....	\$ 744	\$ 758	\$ 748	\$ 752	\$ 747
Train Miles.....	379	448	444	449	452
Passenger Train Car Miles.....	2,496	2,641	2,707	2,794	2,810
Revenue Passenger Miles.....	8,761	9,210	13,291	14,003	15,473
Averages Per Train Mile:					
Passenger Revenue.....	\$.59	\$.52	\$.60	\$.61	\$.64
Total Passenger Train Revenue.....	\$ 1.96	\$ 1.69	\$ 1.68	\$ 1.68	\$ 1.65
Passenger Cars.....	6.6	5.9	6.1	6.2	6.2
Passengers.....	23.1	20.5	29.9	31.2	34.2
Averages per Car Mile:					
Passenger Revenue (cents).....	21.8	21.5	23.5	22.6	24.0
Total Passenger Train Revenue (cents).....	29.8	28.7	27.6	26.9	26.6
Passengers.....	8.6	8.5	11.8	11.5	12.9
Miscellaneous Averages:					
Passenger Revenue per Passenger.....	\$ 5.33	\$ 4.87	\$ 5.34	\$ 4.89	\$ 5.66
Passenger Revenue per Passenger Mile (cents).....	2.53	2.51	1.99	1.96	1.86
Miles Carried—Revenue Passengers.....	210.6	194.2	268.3	250.0	304.3

OPERATING STATISTICS—Concluded

	1959	1958	1957	1956	1955
TOTAL TRAFFIC:					
Operating Revenue.....	\$42,282,227	\$42,971,060	\$47,425,096	\$47,991,013	\$41,615,779
Operating Expenses.....	\$37,557,614	\$35,689,893	\$39,379,471	\$37,612,524	\$33,079,561
Net Operating Revenue.....	\$ 4,724,613	\$ 7,281,167	\$ 8,045,625	\$10,378,489	\$ 8,536,218
Averages per Mile of Road:					
Train Miles.....	1,175	1,309	1,411	1,404	1,365
Car Miles.....	42,453	44,100	47,851	50,799	45,483
Operating Revenue.....	\$13,121	\$13,336	\$14,718	\$14,886	\$12,908
Operating Expenses.....	\$11,655	\$11,076	\$12,221	\$11,667	\$10,260
Net Operating Revenue.....	\$ 1,466	\$ 2,260	\$ 2,497	\$ 3,219	\$ 2,648
Averages per Train Mile:					
Operating Revenue.....	\$ 11.16	\$ 10.19	\$10.43	\$10.60	\$ 9.45
Operating Expenses.....	\$ 9.91	\$ 8.46	\$ 8.66	\$ 8.31	\$ 7.51
Net Operating Revenue.....	\$ 1.25	\$ 1.73	\$ 1.77	\$ 2.29	\$ 1.94

CLASSIFICATION OF TONS OF REVENUE FREIGHT

Grain.....	1,536,715	1,556,734	1,844,829	1,833,354	1,608,940
Other Products of Agriculture.....	333,650	362,602	373,247	382,975	402,522
Animals and Animal Products.....	64,123	121,610	104,969	101,412	98,793
Products of Mines.....	2,622,841	2,720,661	3,225,034	3,670,274	3,968,142
Products of Forests.....	1,997,311	1,981,007	2,286,656	2,378,775	2,138,360
Manufactures and Miscellaneous.....	2,862,326	2,614,560	2,858,086	2,847,636	2,577,511
Total Carload Freight.....	9,416,966	9,357,174	10,692,821	11,214,426	10,794,268
Less than Carload Freight.....	48,175	53,892	60,144	59,163	57,995
TOTAL TONS—REVENUE FREIGHT.....	9,465,141	9,411,066	10,752,965	11,273,589	10,852,263

COMPARISON OF FREIGHT TONNAGE AND REVENUES

	TONNAGE PER CENT					REVENUE PER CENT				
	1959	1958	1957	1956	1955	1959	1958	1957	1956	1955
Grain.....	16.24	16.54	17.16	16.26	14.83	32.10	32.20	33.39	31.91	30.39
Other Products of Agriculture.....	3.52	3.85	3.47	3.40	3.71	3.50	3.71	3.27	3.48	4.22
Animals and Animal Products.....	.68	1.29	.98	.90	.91	1.06	1.93	1.69	1.37	1.68
Products of Mines.....	27.71	28.91	29.99	32.56	36.57	9.88	10.52	9.50	11.98	13.16
Products of Forests.....	21.10	21.05	21.26	21.10	19.70	18.96	18.48	17.35	17.61	18.38
Manufactures and Miscellaneous.....	30.24	27.79	26.58	25.26	23.75	31.95	30.32	32.01	31.05	29.28
Total Carload Freight.....	99.49	99.43	99.44	99.48	99.47	97.45	97.16	97.21	97.40	97.11
Less than Carload Freight.....	51	.57	.56	.52	.53	2.55	2.84	2.79	2.60	2.89

GRAIN MOVEMENT

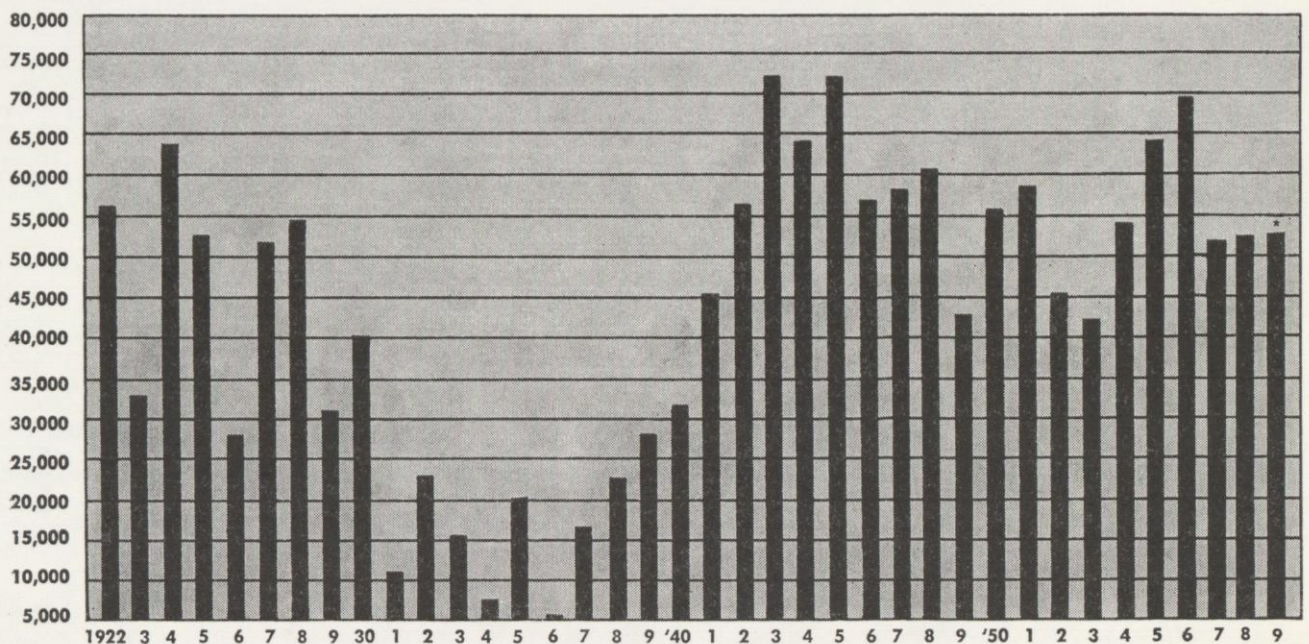
Annual movement of **grain in bushels**, separated between that originated on line and that received from connections in the grain territory, and other movements consisting chiefly of transfers of grain between Minneapolis and the Head-of-the-Lakes.

(000 omitted)

	Originated on Line		Total	Received from Connections		Other Movements	Total
	Jan. 1 to July 31	Aug. 1 to Dec. 31					
1940.....	10,886	18,766	29,652	7,831	37,483	2,447	39,930
1941.....	13,549	26,165	39,714	3,433	43,147	5,127	48,274
1942.....	16,941	29,854	46,795	1,642	48,437	4,073	52,510
1943.....	26,953	38,110	65,063	14,228	79,291	10,136	89,427
1944.....	34,453	34,399	68,852	34,578	103,430	6,743	110,173
1945.....	30,437	45,748	76,185	3,692	79,877	8,832	88,709
1946.....	26,769	32,417	59,186	1,477	60,663	6,883	67,546
1947.....	24,065	39,540	63,605	1,752	65,357	6,191	71,548
1948.....	19,282	34,689	53,971	1,597	55,568	5,245	60,813
1949.....	26,786	27,299	54,085	1,202	55,287	5,712	60,999
1950.....	16,218	31,193	47,411	1,215	48,626	4,350	52,976
1951.....	25,691	34,344	60,035	1,370	61,405	5,892	67,297
1952.....	24,799	27,114	51,913	4,132	56,045	6,021	62,066
1953.....	19,223	22,700	41,923	471	42,394	6,668	49,062
1954.....	19,810	29,540	49,350	1,388	50,738	6,785	57,523
1955.....	25,017	31,525	56,542	1,108	57,650	4,473	62,123
1956.....	32,968	33,239	66,207	1,833	68,040	3,429	71,469
1957.....	36,329	27,652	63,981	1,257	65,238	5,283	70,521
1958.....	24,693	27,511	52,204	1,419	53,623	5,401	59,024
1959.....	25,123	27,066	52,189	1,016	53,205	6,070	59,275

BUSHEL
(,000 OMITTED)

GRAIN CROP ORIGINATING ON AND MOVING OVER SOO LINE
BY YEARS IN WHICH THE CROP WAS HARVESTED



*1959 Estimated

EQUIPMENT OWNED

	Jan. 1, 1959	Additions	Deductions	Dec. 31, 1959
STEAM LOCOMOTIVES				
Road.....	11	0	11	0
DIESEL-ELECTRIC LOCOMOTIVES				
Road Freight 3,000 H.P.—Double Unit.....	15	0	0	15
Road Passenger 3,000 H.P.—Double Unit.....	4	0	0	4
Road Passenger 1,500 H.P.—Single Unit.....	2	0	0	2
Road-Switch-Freight 1,750 H.P.—Single Unit.....	15	0	0	15
Road-Switch-Freight 1,600 H.P.—Single Unit.....	5	0	0	5
Road-Switch-Freight 1,500 H.P.—Single Unit.....	19	0	0	19
Road-Switch-Freight 1,000 H.P.—Single Unit.....	4	0	0	4
Road-Switch-Pass. or Frt. 1,750 H.P.—Single Unit.....	9	0	0	9
Switch—various H.P.—Single Unit.....	21	0	0	21
Total.....	94	0	0	94
FREIGHT-TRAIN CARS				
Automobile Cars.....	30	0	0	30
Ballast Cars.....	132	0	1	131
Box Cars.....	4,656	100	59	4,697
Box Cars—Insulated.....	14	0	0	14
Caboose Cars.....	120	0	0	120
Coke Cars.....	4	0	0	4
Flat Cars.....	243	26†	14	255
Gondola Cars.....	735	50	2	783
Covered Hopper Cars.....	153	25	0	178
Hopper Cars.....	295	0	3	292
Ore Cars.....	1,302	0	15	1,287
Stock Cars.....	384	0	0	384
Tank Cars.....	3	3	1	5*
Sulphur Cars.....	1	0	0	1
Total.....	8,072	204	95	8,181
PASSENGER-TRAIN CARS				
Baggage Cars.....	31	0	0	31
Dining Cars.....	3	0	0	3
Mail and Express Cars.....	16	0	0	16
Mail, Express and Coach.....	7	0	0	7
Passenger Coaches.....	27	0	0	27
Cafe-Lounge.....	4	0	0	4
Coach-Buffer.....	1	0	0	1
Passenger and Baggage Cars.....	12	0	0	12
Sleeping Cars.....	9	0	0	9
Tourist Cars.....	6	0	0	6
Sleeping-Restaurant and Lounge.....	2	0	0	2
Drover Cars.....	1	0	0	1
Total.....	119	0	0	119
WORK EQUIPMENT.....	318	0	18	300
MISCELLANEOUS EQUIPMENT.....	109	15	13	111**

†One flat car reclassified from vinegar tank car.

*Includes 2 vinegar tank cars with tanks owned by Gedney Pickle Co. mounted on flat cars owned by this company.

**Includes 5 automobiles owned jointly with N.P. Ry. and one owned jointly with D.S.S.&A. R.R.

INVESTMENT IN ROAD AND EQUIPMENT

	Road and General Expenditures	Equipment	Total
Additions and Betterments.....	\$1,727,547	\$1,796,706	\$ 3,524,253
Less Retirements.....	406,674	723,908	1,130,582
Net Increase.....	<u>\$1,320,873</u>	<u>\$1,072,798</u>	<u>\$ 2,393,671</u>

Changes by Primary Accounts

	Expenditures	Property Retired	Investment December 31, 1959
Road:			
Engineering.....	\$ 28,938	\$ 7,032	\$ 2,982,181
Land for Transportation Purposes.....	23,559	1,623	5,979,700
Other Right-of-Way Expenditures.....	1,171	786	287,688
Grading.....	176,200	19,620	29,006,770
Tunnels and Subways.....	.....	.....	585,583
Bridges, Trestles and Culverts.....	433,359	58,455	8,417,434
Ties.....	26,765	10,939	7,318,415
Rails.....	146,853	14,465	16,039,813
Other Track Material.....	315,427	23,046	9,830,087
Ballast.....	37,677	2,709	4,904,612
Track Laying and Surfacing.....	67,555	11,964	8,666,471
Fences, Snowsheds and Signs.....	3,522	2,241	1,443,237
Station and Office Buildings.....	148,801	44,943	4,527,111
Roadway Buildings.....	12,729	10,602	263,171
Water Stations.....	11,824	70,470	200,292
Fuel Stations.....	16,126	40,874	331,934
Shops and Enginehouses.....	48,909	25,154	4,086,251
Wharves and Docks.....	.....	.....	171,366
Communication Systems.....	75,935	540	1,345,587
Signals and Interlockers.....	79,281	7,261	988,962
Power Plants.....	.....	.....	91,501
Power Transmission Systems.....	1,651	3,098	119,134
Miscellaneous Structures.....	13,033	.....	69,947
Roadway Machines.....	72,183	4,423	1,200,222
Roadway Small Tools.....	3,922	.....	50,651
Public Improvements—Construction.....	55,939	6,413	1,952,705
Other Expenditures—Road.....	.....	.....	864
Shop Machinery.....	4,844	17,666	1,494,767
Power Plant Machinery.....	.....	8,295	168,852
Total.....	<u>\$1,727,547</u>	<u>\$ 392,619</u>	<u>\$112,525,308</u>
Equipment:			
Steam Locomotives.....	.....	\$ 427,173	.....
Diesel-electric Locomotives.....	\$ 53,787	.....	\$ 16,607,862
Freight-Train Cars.....	1,745,450	252,719	30,221,389
Passenger-Train Cars.....	1,695	.....	2,487,955
Work Equipment.....	2,464	18,254	1,437,128
Miscellaneous Equipment.....	56,383	25,762	317,138
Unapplied Material and Supplies—Equipment.....	63,073	.....	109,839
Total.....	<u>\$1,796,706</u>	<u>\$ 723,908</u>	<u>\$ 51,181,311</u>
General Expenditures:			
Organization Expense.....	.....	.....	\$ 168,733
General Officers and Clerks.....	.....	\$ 1,029	464,267
Law.....	.....	627	283,160
Stationery and Printing.....	.....	76	33,930
Taxes.....	.....	351	158,546
Interest during Construction.....	.....	11,746	5,220,421
Other Expenditures—General.....	.....	226	101,849
Total.....	<u>.....</u>	<u>\$ 14,055</u>	<u>\$ 6,430,906</u>
Grand Total.....	<u>\$3,524,253</u>	<u>\$1,130,582</u>	<u>\$170,137,525</u>

Figures in Bold Face Denote Contra.

MILES OF ROAD OPERATED

SOLELY OWNED

Minnesota Division

	Miles
Portal, N. D.....to Minneapolis, Minn., W. Switch, Humboldt Yard.....	516.89
Whitetail, Mont.....to Flaxton, N. D.....	136.65
New Town, N. D.....to Prairie Junction, N. D.....	32.28
Plaza, N. D.....to Max, N. D.....	35.65
Max, N. D.....to Drake, N. D.....	48.13
Max, N. D.....to Hankinson, N. D.....	303.78
Pollock, S. D.....to Wishek, N. D.....	70.72
Grenville, S. D.....to Fairmount, N. D.....	83.61
Total Minnesota Division.....	1,227.71

Winnipeg Division

Noyes, Minn.....to Glenwood, Minn.....	265.05
Kenmare, N. D.....to Dakota Junction, Minn.....	296.35
Armourdale, N. D.....to Egeland, N. D.....	21.86
Drake, N. D.....to Fordville, N. D.....	130.41
Total Winnipeg Division.....	713.67

Minneapolis-Duluth Division

Minneapolis, Minn., 5th Avenue North..to W. Switch, Humboldt Yard.....	4.74
Minneapolis, Minn., Camden Place...to Weyerhaeuser, Wis.....	112.86
Minneapolis, Minn., Columbia Heights.to Hilo Junction.....	1.09
St. Paul, Minn.....to Cardigan Junction, Minn.....	8.14
Dresser Jct., Wis.....to Superior, Wis., 28th Street.....	103.34
Superior, Wis., 12th Street Junction...to Interstate Bridge.....	1.89
Duluth, Minn., Interstate Bridge.....to 10th Ave., Freight House.....	1.39
Summit, Wis.....to St. Croix Falls, Wis.....	2.00
Ridgeland, Wis.....to Barron, Wis.....	18.52
Rice Lake, Wis.....to Cameron, Wis.....	6.84
Superior, Wis.....to Conn. with N. P. Ry.....	.68
Plummer, Minn.....to Moose Lake, Minn.....	167.83
Lawler, Minn.....to East Lake, Minn.....	5.16
Ironton, Minn.....to Crosby, Minn.....	1.00
Boylston Jct., Wis.....to Brooten, Minn.....	175.88
McGregor, Minn.....to Conn. with N. P. Ry.....	.06
Total Minneapolis-Duluth Division.....	611.42

Gladstone Division

Weyerhaeuser, Wis.....to Sault Ste. Marie, Mich.....	378.72
Wisconsin Jct., Wis.....to W. & N. Junction, Wis.....	118.76
Appleton, Wis., North Wye.....to End of Track.....	1.00
Rapid River, Mich.....to Eben Junction, Mich.....	30.54
Total Gladstone Division.....	529.02
Total Solely Owned.....	3,081.82

JOINTLY OWNED

Sault Ste. Marie, Mich.—Joint with D. S. S. & A. R. R.	1.72
Minneapolis, Minn.—Joint with N. P. Ry.....	.88
Bemidji, Minn.—Joint with N. P. Ry.....	.19
Nashua, Minn., to Hankinson, N. D.—Joint with G. N. Ry	29.05
Schley, Minn., to Bemidji, Minn.—Joint with G. N. Ry.....	24.40
Deerwood, Minn., to Cuyuna Range Mines—Joint with N. P. Ry	19.90
Total Jointly Owned.....	76.14
Total Mileage Owned and Operated.....	3,157.96

MILES OF ROAD OPERATED—Concluded

Total Mileage Owned and Operated (brought forward) 3,157.96

TRACKAGE RIGHTS

Over Wisconsin Central Railroad

Superior, Wis., 28th Street.....to Tower Avenue.....	2.45
Duluth, Minn., Berwind Jct.....to 6th Avenue.....	4.71
Winnebago Jct., Wis.....to Menasha, Wis.....	4.25
Ladysmith, Wis.....	1.75
	13.16
Total Over W. C. R. R.....	

Joint With Wisconsin Central Railroad

St. Paul, Minn.....N. P. Ry., Soo Line Jct. to W. C. Jct., Trout Brook Jct. to 3rd St..	2.15
St. P. U. D. Co., 3rd St. to Sibley St.....	.85
Minneapolis, Minn.....M. & St. L. Ry., 20th Ave. South to 4th Ave. North.....	.81
N. P. Ry., 4th Ave. N. to 14th Ave. N.....	.59
Superior, Wis.....D. S. Br. Co., Superior, Wis., to Duluth, Minn., Interstate Bridge	.54
L. S. T. & T. Ry., Tower Ave.....	.43
N. P. Ry., Grassy Point Line, Superior, Wis., to Duluth, Minn...	2.05
Duluth, Minn.....N. P. Ry. & C. & N. W. Ry., 8th to 15th Ave. West .....	.37
	7.79
Total Joint with W. C. R. R.....	

Other

St. Paul, Minn.....W. C. Jct. to Trout Brook Jct.—N. P. Ry.....	.28
C. & N. W. Ry. and C. M. St. P. & P. R. R., Sibley St. to Chestnut St.....	.79
C. M. St. P. & P. R. R., Chestnut St. to Minneapolis, Minn.....	10.54
Sault Ste. Marie, Mich.—Ste. Marie Bridge Co.....	.52
Deerwood—McGregor, Minn.—N. P. Ry.....	30.84
Superior—Ore Dock Line & Hill Ave. Yard—N. P. Ry.....	.47
	43.44
Total Other.....	
Total Soo Line Mileage Operated..... 3,222.35	

MILEAGE OPERATED AS AGENT FOR WISCONSIN CENTRAL R. R.....	1,030.65
Less mileage common to both Soo Line and W. C. R. R.	66.54
	4,186.46
Total System Mileage Operated, December 31, 1959.....	

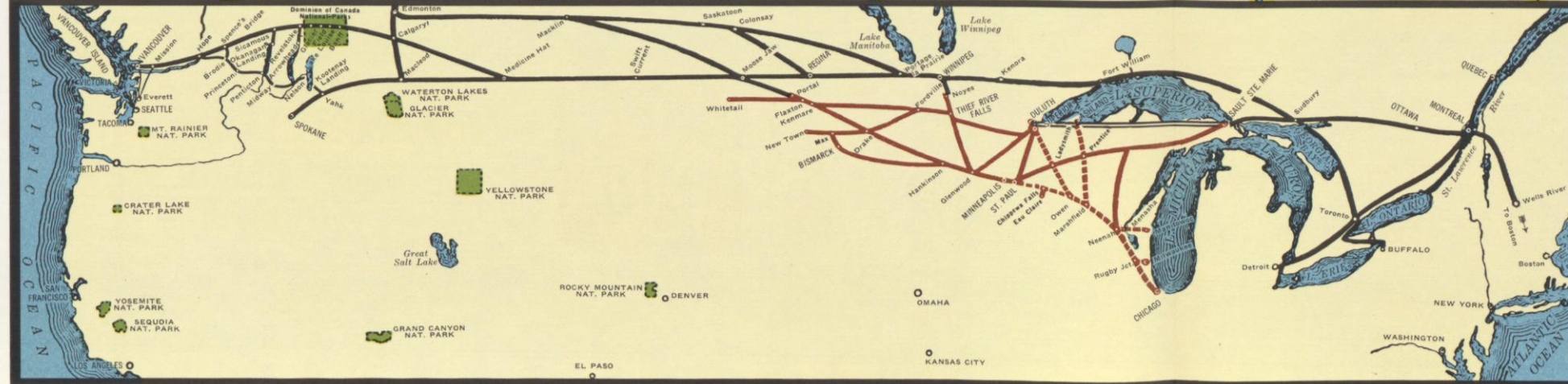
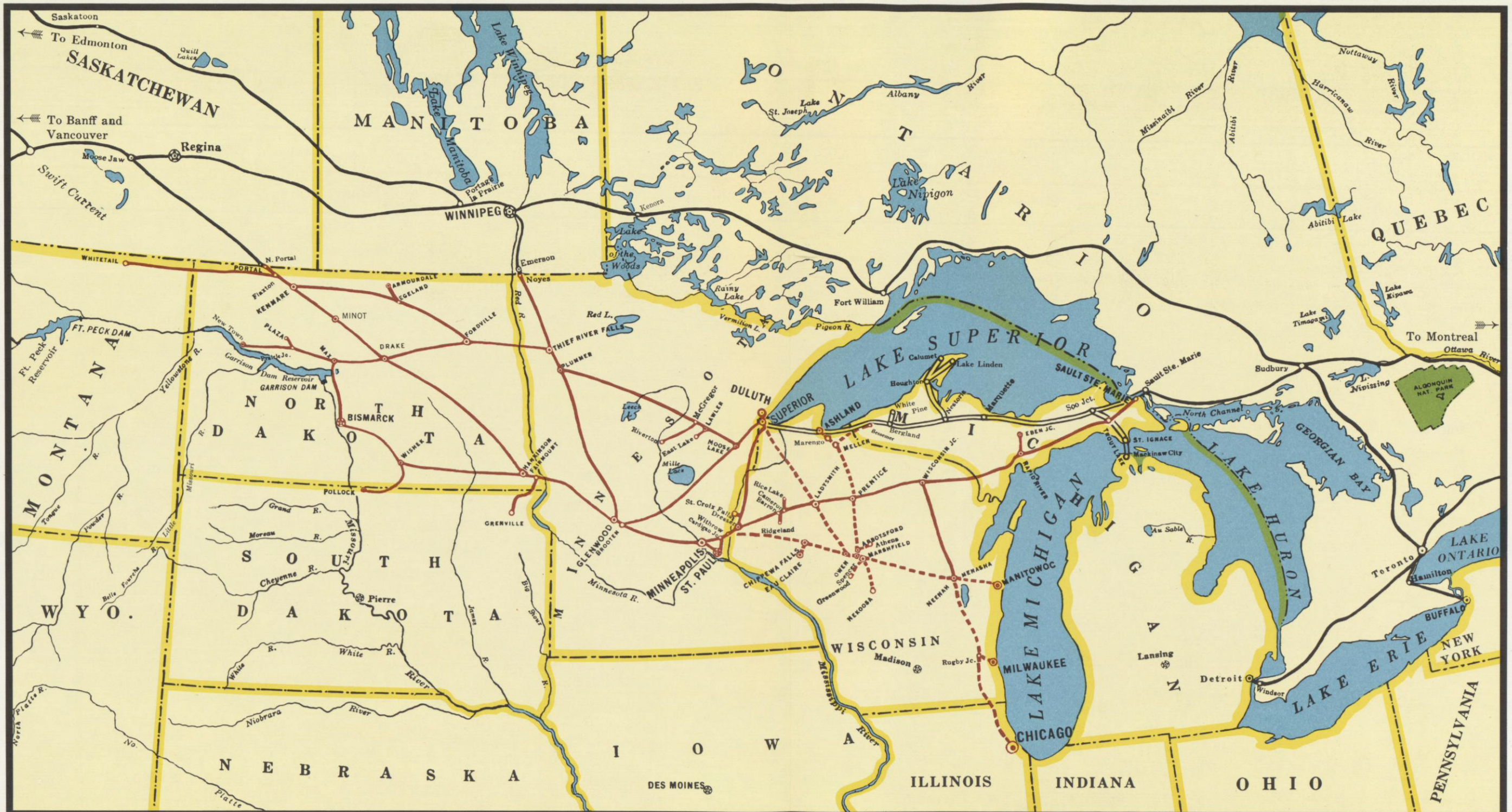
MILES OF ROAD OPERATED IN EACH STATE

	Soo Line	W. C. R. R.	Less Common Soo Line- W. C. R. R.	System
Montana.....	56.89	.....	.....	56.89
North Dakota.....	1,311.73	.....	.....	1,311.73
South Dakota.....	108.49	.....	.....	108.49
Minnesota.....	1,015.13	75.16	49.63	1,040.66
Wisconsin.....	506.57	863.81	16.91	1,353.47
Michigan.....	223.54	20.07	.....	243.61
Illinois.....	.....	71.61	.....	71.61
	3,222.35	1,030.65	66.54	4,186.46
Total.....	3,222.35	1,030.65	66.54	4,186.46

SOO LINE TRAFFIC REPRESENTATIVES

You, as a stockholder, can play an important part in the movement of traffic, both freight and passenger, which is so vital to your company, by informing Soo Line traffic representatives of prospective movements; also by giving them information regarding relocation and expansion of industries that might be interested in locating in the territory served by your company. Sales and service agencies are maintained in the principal cities of both the United States and Canada, as listed below, and they would appreciate any such information that you might be able to give them.

Location	Name	Address	Telephone No.
ATLANTA 3	H. F. Nelson, Dist. Pass. Repr.	Cit. & Sou. Nat. Bk. Bldg.	Jackson 4-3866
BIRMINGHAM 3	J. F. Schadewald, Gen. Agent	301 Brown Marx Bldg.	Fairfax 3-2832
BISMARCK	J. D. Senn, Gen. Agent	Soo Line Depot	Capital 3-5422
BOSTON 10	Wm. H. Schenk, Gen. Agent	314 Chamber of Commerce Bldg.	Hancock 6-5714
BOSTON 16	R. G. Williamson, Gen. Agt., Pass. Dept.	500 Little Bldg.	Hancock 6-7441
BUFFALO 3	J. B. Campbell, Gen. Agent	604 Ellicott Square Bldg.	Madison 8830
BUFFALO 2	A. C. Nieman, Gen. Agt., Pass. Dept.	305 Bank of Buffalo Bldg.	Cleveland 0102-03
CHICAGO 4	A. T. Peterson, Gen. Freight Traffic Mgr.	2020 Board of Trade Bldg.	Harrison 7-0565
CHICAGO 3	T. J. Nolan, Dist. Pass. Repr.	39 S. La Salle St.	Andover 3-5940
CINCINNATI 2	F. A. Dykstra, District Frt. Agent	918 Dixie Terminal Bldg.	Cherry 1-1203-4
CINCINNATI 2	L. P. Dooley, Gen. Agt., Pass. Dept.	203 Dixie Terminal Bldg.	Main 1-1228
CLEVELAND 14	A. K. Miller, Gen. Agent	1277 Union Comm. Bldg.	Main 1-3353
CLEVELAND 14	M. T. Jackson, Dist. Pass. Rep.	1039 Union Comm. Bldg.	Tower 1-1971
DALLAS 1	A. E. Gorman, District Frt. Agent	1026 Kirby Bldg.	Riverside 7-3311
DALLAS 1	G. R. Watson, Dist. Pass. Rep.	1026 Kirby Bldg.	Riverside 7-4777
DETROIT 35	M. P. Petrie, Gen. Agent	14631 West McNichols.	Broadway 3-0363
DETROIT 26	R. Stetter, Gen. Agt., Pass. Dept.	246 Book Bldg.	Woodward 3-7820
DULUTH 2	B. Hermanson, Asst. Traffic Mgr.	Soo Line Tml. Bldg.	Randolph 2-5801
DULUTH 2	A. E. Sword, Dist. Pass. Repr.	Soo Line Tml. Bldg.	Randolph 2-5801
EAU CLAIRE	J. C. Pedersen, Gen. Agent	Soo Line Depot	Temple 2-1552
EDMONTON	John Holloway, Gen. Agent	212 C. P. R. Office Bldg.	Ga. 2-5864 and 4-4023
INDIANAPOLIS 4	L. F. McMahon, Dist. Freight Agent	430 Merchants Bank Bldg.	Melrose 6-8003
KANSAS CITY 6	J. T. Donohue, Dist. Freight Agent	1410 Waldheim Bldg.	Victor 2-2235
LOS ANGELES 14	R. T. Nelson, Gen. Agent	519 Van Nuys Bldg.	Madison 2-0338
LOS ANGELES 14	W. R. Jaffray, Gen. Agt., Pass. Dept.	530 W. 6th St.	Madison 4-8337
MEMPHIS 3	C. G. Seiss, Dist. Freight Agent	925 Exchange Bldg.	Jackson 5-2233
MENASHA	E. E. Widmer, Asst. Traffic Mgr.	Soo Line Depot	Parkway 2-2891
MILWAUKEE 3	E. S. Rogers, Jr., Asst. Traffic Mgr.	217 North Plankinton Ave.	Broadway 1-2643
MINNEAPOLIS 1	H. K. Willson, Asst. Traffic Mgr.	501 2nd St. No.	Federal 2-1261
MINNEAPOLIS 40	R. E. Gifford, Dist. Pass. Repr.	Soo Line Bldg.	Federal 2-1261
MINOT	J. B. Benson, Asst. Traffic Mgr.	Soo Line Depot	Temple 4-3136
MONTREAL	M. A. Wigg, Commercial Agent	485 McGill St., Room 403	University 1-6811
NEW ORLEANS 12	C. C. Watson, Dist. Frt. Agent	730 Hibernia Bank Bldg.	Jackson 2-7097
NEW YORK 7	A. O. Plunkett, Traffic Mgr.	950 Woolworth Bldg.	Cortlandt 7-0628
NEW YORK 17	J. E. Roach, Gen. Agt., Pass. Dept.	581 Fifth Ave.	Plaza 9-4433
OMAHA 2	F. H. Pitzl, Dist. Frt. Agent	917 W. O. W. Bldg.	Atlantic 9752
PHILADELPHIA	R. T. Waltz, Commercial Agent	2605 Laurel Drive, Bristol, Pa.	Locust 7-2788
PHILADELPHIA 9	W. J. Holman, Dist. Pass. Repr.	1036 Fid.-Phila. Trust Bldg.	Pennypacker 5-2305
PITTSBURGH 19	G. A. Johnstone, Gen. Agent	504 Grant Building	Atlantic 1-3860
PITTSBURGH 19	G. L. B. Wanamaker, Dist. Pass. Repr.	648 William Penn Place	Atlantic 1-2306
PORTLAND 5	H. T. Mitchell, Jr., General Agent	464 Pittock Block	Capital 6-4115-6
PORTLAND 5	E. J. Dahlberg, Dist. Pass. Repr.	207 Amer. Bank Bldg.	Capital 7-2044
ST. LOUIS 1	J. C. Waddell, Dist. Frt. Agent	2051 Railway Exchange Bldg.	Main 1-4768
ST. LOUIS 2	J. J. Brown, Gen. Agt., Pass. Dept.	1220 Boatmen's Bank Bldg.	Garfield 1-2135
ST. PAUL 1	R. F. Donnett, Asst. Traffic Mgr.	483 East 7th St.	Capital 2-1891
ST. PAUL 1	R. L. Battleson, Dist. Pass. Repr.	483 East 7th St.	Capital 2-1891
SAN FRANCISCO 5	E. M. Ostby, Gen. Agent	949 Monadnock Bldg.	Yukon 6-6398
SAN FRANCISCO 8	R. S. Henry, Gen. Agt., Pass. Dept.	185 Post St.	Douglas 2-0134
SAULT STE. MARIE	R. E. Howard, Gen. Agent	Soo Line Depot	Me. 2-2243 and 2-2244
SEATTLE 1	E. J. Murphy, Gen. Agent	1109 Vance Bldg.	Main 4-0345 and 4-0444
SEATTLE 1	P. H. S. Godden, Gen. Agt., Pass. Dept.	216 White-Henry-Stuart Bldg.	Main 2-6275
SPOKANE 8	H. W. Monson, Gen. Agent	1130 Old Natl. Bank Bldg.	Temple 8-2901
SUPERIOR	O. A. Ness, Frt. and Pass. Agt.	Soo Line Depot	Tel. 3213
THIEF RIVER FALLS	V. C. Erickson, Gen. Agent	Soo Line Depot	Mutual 1-2103
TORONTO	M. R. Gray, Gen. Agent	502 Can. Pacific Bldg.	Empire 3-0584
VANCOUVER	Ernest Jacquest, Gen. Agent	205 Can. Pacific Sta.	Murdock 1-2212
WASHINGTON	J. G. Quick, Gen. Agent	P.O. Box 9802, Rosslyn Station, Arlington 9, Va.	Executive 3-0736
WASHINGTON 6	J. A. C. Blair, Gen. Agt., Pass. Dept.	1504 K St. N. W.	National 8-4536
WINNIPEG	A. C. Cook, Gen. Agent	303 C. P. R. Bldg.	Whitehall 2-6197-8
WINNIPEG	E. C. Johnson, Gen. Agt., Pass. Dept.	Corner Main and Portage	Whitehall 6-3215
WINSTON-SALEM 3	W. T. Dickson, Commercial Agent	314-A Reynolds Bldg.	Park 2-0821



LEGEND

SOO LINE SYSTEM:

Minneapolis, St. Paul & Sault Ste. Marie R. R.

Wisconsin Central R. R.

Canadian Pacific Ry.

Duluth, South Shore and Atlantic R. R.

